

HOME NEWS

Breakdown
warning
nursery
hools

As the days shorten there is little evidence that the same is happening to the teachers of Nottingham motorists after six weeks of one of the most revolutionary urban traffic control schemes Britain has seen.

Preliminary evaluation is continuing, as the traffic thickens and the testing time of the run-up to Christmas approaches. It has been a technical success, but the residual criticism of the morning and evening peak hour zone and collar scheme continues in the local press.

The focus has now centred on the 14 special luxury coaches, known whimsically as "lilac leopards", from their fetching livery, which come equipped with radio music and were purchased to ferry drivers using the four park and ride sites two miles from the city centre.

As one of the primary objects of the scheme was an attempt to separate some of the 8,000 to 10,000 peak hour drivers from their cars, which could be left free all day at the peripheral parks while the journey was completed, the opening phase has not been encouraging. The four parks, which with the coaches form a substantial part of the £300,000 capital cost and £200,000 annual running costs, have been little used.

Over a three-week period, for example, only 500 cars used the parks, which have a total capacity of 1,000 vehicles, and only 1,136 people used the coaches, which run at seven-minute intervals. It is being facetiously suggested that they could be better employed giving free rides as "white elephants" at the forthcoming Goose Fair.

But Mr Frank Higgins, the chairman of the county's said new big prediction is that the target of 1000 places in 1981 had been set to 500,000, a reduction of two thirds, but the allocation had been slashed more than half.

Mr Higgins said that the new scheme did not and should not have political significance. Locally, however, there is some feeling that things, such as the under-used lilac leopards, would be jettisoned as much for financial as for voting reasons with Labour defending vulnerable seats in future elections.

The controlling Labour group has never made any secret of its determination to discriminate positively on behalf of public transport users against peak hour car drivers who could just as easily use buses or travel at other periods. While they see it as an egalitarian attitude, in other quarters it is held to be nothing short of malevolence.

But an alternative to the scheme would be anything up to £300m of motorways, so the

Fewer cars, more angry drivers

Lilac leopards may lose their spot in traffic plan

Regional report

Arthur Osman
Nottingham

the park and ride facility. These are still early days, but if they continue to lose money we can take them out without doing anything else to the scheme.

"Similarly, there may have to be improved facilities for commercial vehicles. We are trying to do things that do not commit us irrevocably in the future. Our critics were saying three or four years ago that we needed a large road-building programme. Now their argument is that we have no traffic problem and this is a futile exercise."

"The position is that we have succeeded in containing matters over the past five years with a programme of clearways, signs and other works, but we have come to the end of what can be done at that level. They were only palliatives."

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scheme's relatively small cost, amounting to about a quarter of a mile of motorway, would suggest it must stay. So too does the fact that despite a substantially increased cost, private car use in Nottingham in the past year has risen by 7 per cent.

At present the scheme affects only the western side of the city, where in some suburbs three quarters of houses have cars. There is every likelihood, however, of its being extended to all radial roads.

Certainly many of the scores of foreigners and visitors from almost every major city in Britain who have watched it in operation hope it will be a success. As one member of the Greater London Council said: "For heaven's sake keep it, at all costs. It has at last broken new ground in traffic management and could be the answer for all of us."

As bad luck would have it, the virtues of bus travel took a knock a week after the experiment started when bus fares rose by up to half. Inevitably, the scheme was held to be responsible, but in fact the county, which administers it, gets no revenue from the city buses.

The success of the scheme depends largely on the proper phasing of the zone and collar controls, which next spring will be automated through a computer linked to electronic street level sensors.

Mr E. J. Waller, the assistant director of planning and transport, said that initial publicity which suggested drivers might be arbitrarily held for 10 minutes at one red light had not been helpful, because it was untrue. A driver's journey time might be delayed by 10 minutes because of lights phased to traffic density, but he would not be held for so long at one set of lights.

Drivers who are prepared to accept that and to pay up to £2 a day for central parking may feel persecuted, but there seems an inevitability about it, and not just for Nottingham.

Thirteen due
in court
after police
raids

Thirteen people, two of them women, are expected to appear in court in Great Yarmouth today after raids on homes in London and East Anglia on Saturday. Ten of the 23 taken to police stations for questioning had been allowed to go home, Scotland Yard said last night.

A number of men who were absent when 250 police from London, Suffolk, Norfolk and Essex called at their homes at dawn on Saturday morning are still being sought.

The raids were coordinated by Det Chief Supt Len Gillert, head of Scotland Yard's serious crimes squad, which in the past two months has been investigating a series of fire claims for loss and damage against insurance companies. Four of those held come from the London area and are believed to be wealthy businessmen, one a property developer.

It is understood that the police are investigating fire claims amounting to more than £1m. Insurance company investigators have been working closely with police on the inquiry since midsummer.

Members of the Metropolitan Police Special Patrol Group were among the officers involved in the simultaneous raids.



"I'd planned to have enough. But these days I have to have some help."

When you've once known a reasonable standard, what can you do when you can scarcely pay the rent? Let alone have enough over for heat, clothes, light and food?

You can turn to the Distressed Gentlefolk's Aid Association.

To begin with, the DGAA will understand. Although they have 10 Residential and Nursing Homes, they know that people want to stay in their own homes, for as long as they can cope, keeping their friends and the roots they have put down over the years.

So, the DGAA helps with allowances. They send clothes parcels. They remember Birthdays and Christmases. They help with a little extra when a crisis upsets a tiny budget.

Please help the DGAA with a donation. And please, do remember the DGAA when making out your Will.

DISTRESSED GENTLEFOLK'S
AID ASSOCIATION

Vicarage Gate House, Vicarage Gate, Kensington, London W1 4AQ

"Help them grow old with dignity"

Cots plea for longer drink
ours after festival trial

Mr Ronald Faux, Edinburgh, said the last strains of the Edinburgh Festival died away during the weekend and the city's life returned to a more normal timetable. The theatre and concertgoers, late-nighters and cultural devotees for three weeks have not had their evening's entertainment cut short by a precious last order of beer, must now finish their evening drinks by 11 pm.

During the festival the city experimented, daringly many believed, by allowing about 220 public houses and restaurants remain open long after the time when Scots normally drain their glasses or start to feel itchy, which is at least an hour earlier than drinkers in England for the same inhibition.

But the experience of the past few weeks has confirmed the findings of the Clayton commission, which two years ago advised more relaxed drinking laws and a wide range of options for the Scottish drink laws. Nothing has been heard about the report. Opponents of reform still maintain it would be bad to liberalise the drinking laws of a city which has some of the worst cases of alcoholism.

Mr Faux, the Edinburgh Festival authorities who signed applications, the Edinburgh City Council and the Scottish Tourist Board all believe the experiment has been successful.

Mr Faux said the Edinburgh Licensed

Trade Association, which is to hold an inquiry into the effect of extending licensing hours, said that the case for relaxing the law was now well proven.

"The idea that the streets would be strewn with drunks and that violence would increase has been shown to be nonsense. Most licensees believe it has been a success for the better and that there was less drunkenness. Treat people in a civilised way and they will usually behave in a civilised way," a member of the association said.

Dr Neil Mackay, vice-chairman of the public questions and morals committee of the Free Church of Scotland, commented: "We would still oppose the extended licences."

"The danger is that people take advantage of this opportunity to drink more alcohol and my impression has been that the foreigners for whom the experiment was started were taking less advantage of it than the local Scots."

The Edinburgh Festival authorities will press for the same relaxation next year and for opening on Sunday during the festival. Other local authorities are certain to regard Edinburgh as a test case.

This year's Mod, the Gaelic festival, is to open at East Kilbride on October 2 and licences have already been granted in some cases to 3 am, but liberalism has not spread to the licensees in Oban. Their applications for extended drinking hours during the Oban and Lorn whisky festival last week were rejected.

Quiet Welsh approach to
poll on Sunday opening

Mr Trevor Fishlock, Cardiff, said the Home Office is puzzled by the silence in Wales as the approach for that all-Welsh referendum, the annual referendum on the issue of Sunday opening of public houses. "Don't worry," said a on-Sunday man said: "We are making plans quietly, are just keeping our heads down and our powder dry." So, are the shrinking forces of temperance.

The day is November 5. Sunday opening people are saying that the fastnesses of Wales will at last fall in line with the rest of Wales go "wet". The other side only hopes to fight off the lunge, but to recapture certain areas lost to liquor in the poll.

At this time, however, the referendum is more complicated. The outcome could be a patchwork of small "wet" islands in a "wet" sea.

It was 95 years ago, when self power was strong, that Sunday Closing Act stopped in the public houses of Wales on the sabbath. But, over years, the drinking gap was closed by clubs, the annoyance of many licensees, and by lords willing to break the law and turn their bars into day speakeries.

In 1961 the law was changed that the people of Wales settle this family matter themselves by referendum. The polls were conducted in the 13 old counties, four boroughs, and in the poll Cardiff, Newport, Merthyr and the shires of Glamorgan voted to "wet". In 1968, they were led by the shires of Pen-

broke, Montgomery and Denbigh.

That left the counties of Anglesey, Caernarfon, Merioneth, Cardigan and Carmarthen. And those who fancy a Sunday drink have to cross the county border, or belong to a club, or even take a ride in the club car of the Festive narrow gauge railway, the thin "wet" line.

A complication arises this time because of the reorganization of local government. The 13 counties of Wales were divided into eight counties containing 37 districts, and the Sunday opening polls will have to be conducted within those districts.

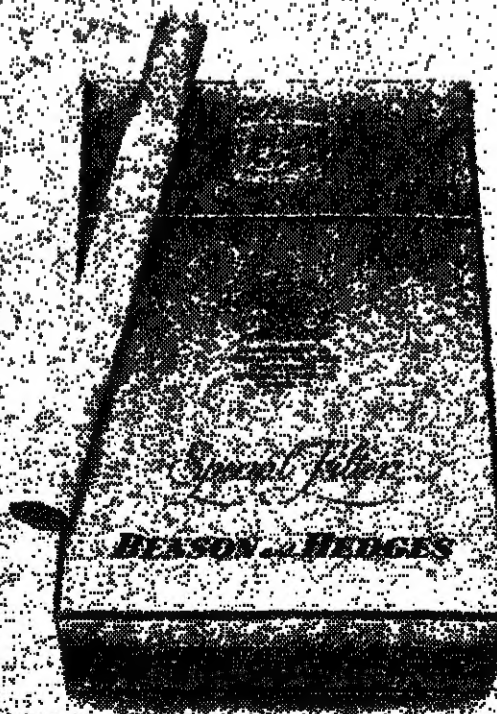
But a referendum will not be held automatically in each one. A poll has to be called by a petition signed by 500 voters. If no poll is called the status quo is maintained, so the onus is on those who want change.

Only nine of the 37 districts remain "dry" on Sunday, and the Seven Day Opening Council says it will be calling polls to try to make them "wet". The Home Office, however, feels that time may be running short for the requisitioning of polls. The closing date for petitions is October 2, and so far only one poll has been called, in the now "wet" Preseli district of Pembrokeshire.

Mr David Baird Murray, chairman of the Seven Day Opening Council, said:

"In general, we think that Sunday closing is an anachronism. If all of Wales decides to vote for Sunday opening this time it may be that the law should be changed to end this business of a referendum. At the moment we are not campaigning. We are waiting until the polls are called, because we don't want people to grow bored."

In spite of inflation all around,
the price of gold remains the same.



47p for 20.

MIDDLE TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

HOME NEWS

Claim by 'Tartan Army' to have caused pipeline explosion being taken seriously by police

From a Staff Reporter
Perth

A claim by the self-styled 'Tartan Army' of responsibility for Friday's bomb blast at an oil pipeline near Kinross is being treated seriously by police. The explosion wrecked equipment at a valve station on the 12-mile BP pipeline which runs between Grange, near Aberdeen, and Grangemouth refinery, on the Forth.

Det Chief Inspector John Lamond, of Tayside police, who is leading the investigation, said yesterday that the Tartan Army had claimed responsibility for two other explosions in Scotland in the past two years. The latest claim was made by a man in a telephone call to *The Scotsman*.

In September, 1973, a 25-ft section of the pipeline was damaged by a bomb during laying operations near Bridge of Earn, Perthshire. Last July a 6-ft stretch of the pipeline on the Grangemouth to Dalmeny section was damaged by another blast.

Mr Lamond said: "Our investigation is well under way but we do not expect any dramatic developments in the immediate future." He urged anyone who saw anything suspicious in the Crook of Devon area near Kinross on Friday to come forward.

Army bomb specialists and forensic experts were examining the wreckage yesterday. Inquiries were also being made among known sympathizers of extremist organizations in Scot-

land, although the caller to *The Scotsman* said the Tartan Army had no connexion with the explosion which was the subject of a trial in the High Court, Edinburgh, earlier this year.

Costing breaks: The concrete casing designed to keep Shell's Brent Field oil pipeline from shaking on the seabed has broken off along a three-quarter-mile section (our Lerwick Correspondent writes). About 400ft of the pipeline is floating on the surface. Divers assisted by a submarine and a barge are to start reanchoring it today.

SNP protest: The Scottish National Party has protested to the BBC over an episode in the television series, *Oil Strike North* (the Press Association reports).

In a letter to the Director General, Mr William Wolfe, the party chairman, says: "I am writing to convey to you my deep concern at reports that the episode of *Oil Strike North* on Tuesday, September 9, included an incident in which an American oil company representative was physically assaulted by a man wearing an SNP badge and clearly identified as being a member of the SNP."

"The identification of the character concerned as being a member of the party appears to be gratuitously offensive," he adds.

Mr Wolfe has also protested at the absence of an SNP representative in the *Tonight* programme which will be broadcast tomorrow from Aberdeen. It deals with North Sea oil.

The BBC said yesterday that the complaints would be looked into.

Research facts sought: Professor Alan Thompson, of Heriot Watt University, Edinburgh, is asking the Social Science Research Council to make the conclusions of its £90,000 study into the social impact of North Sea oil in Scotland available to all MPs and government departments (our Dunfermline Correspondent writes).

He suggests that seminars should be arranged for ministers, MPs, senior civil servants and academics and that parliamentary select committees interested in oil should establish immediate contact with the council.

The Civil Service College, which he said did valuable work acquainting civil servants with new oil research findings, should also extend its activities to include MPs.

"It is essential that we translate the results and implications of this research into an effective government policy. This is particularly important with North Sea oil in view of the speed of oil development. We cannot afford a gap of one or two years between research findings and their translation into action," he said.



The Queen and her family in one of 38 portraits in an exhibition entitled "Happy and Glorious", at the Nicholas Treadwell Gallery, London.

Leaders of self-employed group to resign

Two leaders of the 42,000-strong National Federation of Self-Employed announced their resignations yesterday after an internal dispute over spending. Mr Richard Graves, the treasurer, and Mr John Kelly, the secretary, announced their departures at a press conference in Manchester after the resignation of the organization's founder, Mr Norman Small, and allegations of mismanagement of federation funds.

The two unpaid officials of the federation, which was set up a year ago to help small businessmen to fight taxation, said that as far as they were aware there had been nothing improper.

Mr Graves said that the auditors had been asked to provide

a detailed schedule of all payments from federation funds for circulation to members, and forecast that the organization would collapse within a few months.

It has been reported that of an original £470,000 received in subscriptions, only £156,000 remains. Mr Graves said that funds totalled £220,000.

Mr Kelly, aged 46, an insurance broker from Stockport, whose resignation is immediate, said a claim that the federation had spent £250,000 in 10 months was correct.

Mr Graves, aged 48, chairman of General Finance and Development (Blackpool) Ltd, a property company, said that threats had been made against him and his family.

Abortion Bill call to Government over 'pledge'

A leading anti-abortion campaigner said yesterday that the Department of Health and Social Security is "riddled with abortionists and is apparently content to allow virtual abortion on demand to continue unchecked".

Professor James Scarsbrick, national chairman of Life, the anti-abortion organization, was speaking at its annual conference at Leamington Spa, Warwickshire. Delegates passed unanimously a resolution calling on the Government to fulfil its "pledge" to reestablish the select committee on the Abortion (Amendment) Bill early in the next Parliamentary session.

WEST EUROPE

Lisbon's Communist lose dominant role under new Premier

From Michael Krüger
Lisbon, Sept 14

Portugal's next government will pursue broadly moderate socialist policies when it is announced later this week, according to the concepts which have been outlined by Admiral Pinheiro de Azevedo, the Prime Minister designate.

Government action will be based on "democratic pluralism", private investment in the economy will be encouraged and foreign policy will respect existing undertakings. The most notable of these are Portugal's membership of Nato and its links with the EEC and CEE.

Giving a broad outline of the proposed government's policies in a television address last night, Admiral Azevedo said that after long and arduous negotiations, the three main political parties, the Socialists, the Popular Democrats and Communists, had agreed upon the programme.

He has been trying for two weeks to form a government and his words signify that the hard-line Communists within the Armed Forces Movement and the party itself have been out-manoeuvred and have made several important concessions.

Admiral Azevedo said he hoped to announce the composition of the government early this week and in comments to reporters after his speech he confirmed that Major Leon Antonio, the leader of the Group of Nine moderates in the MFA, would be reappointed Foreign Minister, the post he held in the fourth post-coup government.

One striking aspect of the proposed programme was determination to "democratize" various areas which have been unfairly dominated by Communists. Admiral Azevedo said irregular municipal committees which imposed their wishes on local populations would be replaced.

It was the anger of many local communities over these Communist-dominated groups that led to mobs ransacking Communist Party offices throughout the north last month. Admiral Azevedo also said that emphasis would be placed on establishing democracy in the trade union movement, in which Communist domination has been causing widespread resentment. There would be organized Revolution has been confirmed of how its 19 mem selected. The Army six selective places Force and Navy three.

The other seven automatically be as President the Chief of the Armed Chiefs of Staff of branches, the com Copcon (the security and the Prime Min is a military man.

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The dominant poi moderate officers... organized Revolution has been confirmed of how its 19 mem selected. The Army six selective places Force and Navy three.

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Norwegians go to polls in local elections

Oslo, Sept 14.—Two-day local elections opened in Norway today and forecasts were that the governing Labour Party of Mr Trygve Bratteli would lose control of some local councils. An estimated 2,700,000 Norwegians are eligible to elect 13,500 members of 445 municipal councils and 1,014 members of county councils. Labour spokesmen said they doubted whether the party would receive anything near the 41.9 per cent of the votes they won in the last local elections in 1971.

Paradoxically, support for Labour has been growing recently, according to a public opinion poll. It has risen from a record low level of 31.9 per cent in May to 34.5 last month after tax cuts, higher family allowances and other social benefits.—Reuters

Mass rally in Corsica autonomy

Ajaccio, Sept 14.—A symbolic Corsican rally today to nationalist islander for self-rule from I Security forces were confined in Representatives of factions grouped in Repression Commi the crowd that Fr surrender its direct Corsica and allow to manage their within the framework Republic. Hours before the bomb attack in Bastia, second largest town, bomb explosions near caused damage to bu no casualties, police benefits.—UPI

Amnesty calls on Spain spare lives of Basques

From Our Correspondent
Geneva, Sept 14

The Council of Amnesty International today called an appeal to the Spanish Government to commute the death sentences passed on Basques and to annul the mandatory death penalty provisions of the recent decree law on terrorism.

The council also asked the Soviet authorities to drop criminal charges against two detained members of the Amnesty group in Moscow, Dr Sergei Kovalev and Mr Andrei Tvardovsky, accused of anti-Soviet agitation and propaganda.

During the three-day meeting, attended by about 200 delegates and observers from 24 countries, the council approved a budget for the coming year of nearly £500,000, almost all of it to be contributed by members. More than £100,000 was spent last year on released prisoners and their families and in sending observers to 31 countries.

Mr Eric Baker, Britain, was unanimously elected as the first honorary President. With Mr Peter Benenson, Britain, and Mr Sean Macbride, Republic of Ireland, he founded Amnesty International in 1961.

Among the many other representations decided on by the council was an appeal to countries to grant asylum to 600 Chilean and Uruguayan refugees now in the Argentine who, according to the United Nations High Commission for Refugees, are in physical danger because of political violence.

Martin Huckerby writes: Too many nations pay only lip service to human rights, Mr

Dirk Börner, chairman of Amnesty International's committee, said in a report for 1974-75, published yesterday.

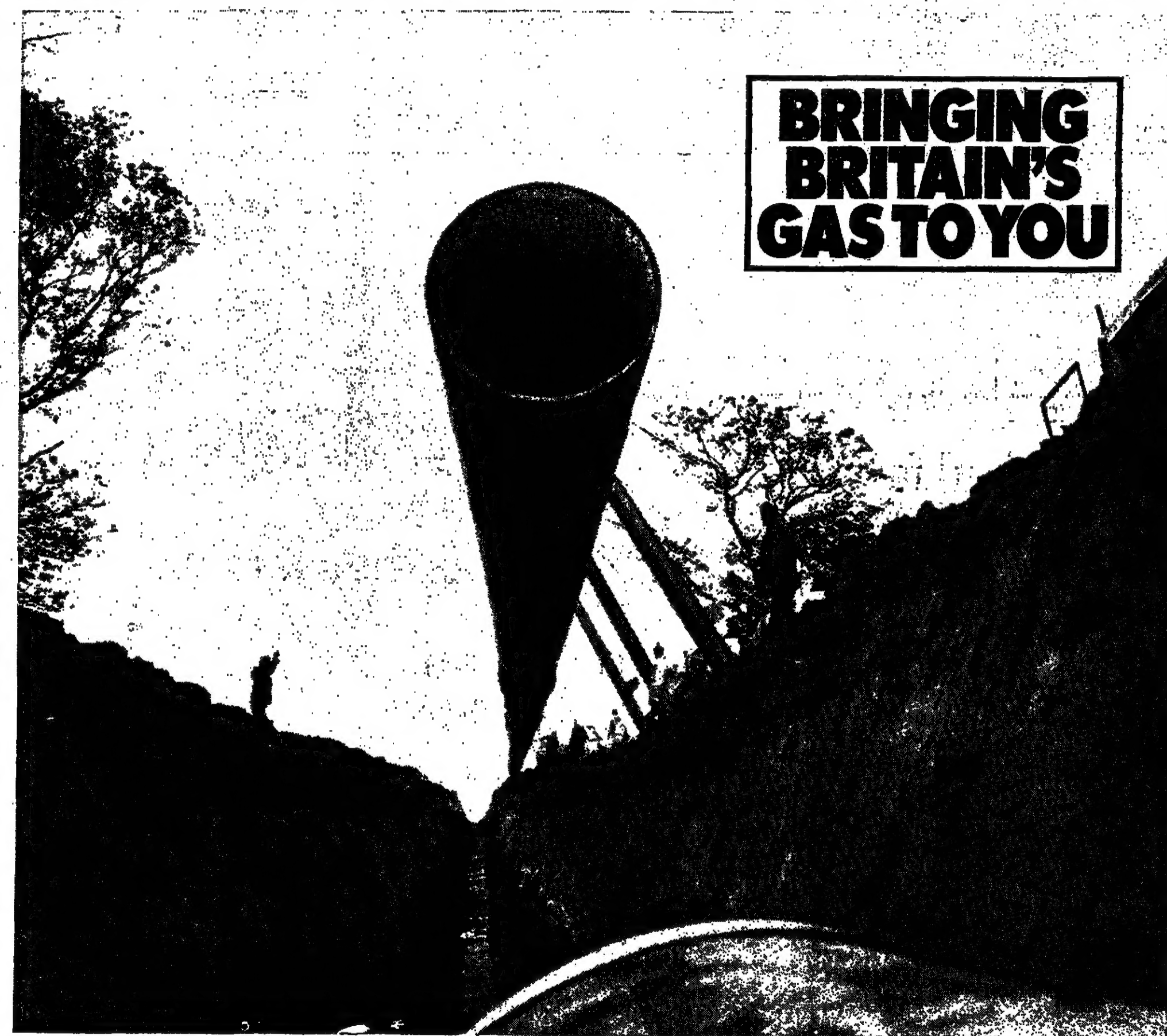
He pointed out that the 107 countries named report for their human rights were not the United Nations and had agreed to by the provisions of the Declaration of Rights.

Mr Börner said that nations limited human rights who were using in their obedience authority and the existing system. "By doing corruptly downgrade rights into privilege added.

While Amnesty International had continued to grow 75-100, individual members increased by 75 per cent the previous year—also been considerable in politically motivated, long-term, without trial, brutal tort executions.

The report pointed particularly in relation to America, that gov agencies resorted to methods of detention at violation in their attain main law and ord noted: "One cannot up-law by breaking it."

During the 1974-75 period, 1374-1403 Amnesty prisoners were released, a 32 per cent increase of 32 per cent of the number of new cases up increased by a amount to 2458. Amnesty International, Geneva, Sept 14, 1975. (Amnesty International, Geneva, Sept 14, 1975)



Buried Treasure!

The massive programme to increase Britain's supplies of natural gas is now well under way. The first stage of the long underground journey across Britain, which natural gas from the North Sea Frigg field will make to reach our customers, is a 170-mile stretch from St. Fergus in north-east Scotland to Bathgate, between Glasgow and Edinburgh. This section of 36 inch high pressure pipeline will involve the crossing of 409 roads, 41 rivers and 13 railways. It's a big job bringing natural gas to Britain. But it's worth it, because natural gas is Britain's most precious natural asset. North Sea oil is a promise for the future, but natural gas is now supplying 30 per

cent of the nation's useful heat. And by 1980 this could rise to 40 per cent.

Natural gas is good news for Britain. Because:

1. It is British* - an indigenous fuel under our own control.
2. It is saving one thousand million pounds a year on our balance of payments and makes us less dependent on imported oil.
3. It is a pure form of energy which does not harm the environment.
4. It is highly efficient - it comes direct to the customer with virtually no waste.

*And gas from the Norwegian part of the Frigg field will also be coming to Britain.

NATURAL GAS-TOO GOOD TO WASTE



BRITISH GAS
Our Vital Industry

Communist
dominant role
Premier

EAST EUROPE

had angry at Paris readiness to ransom captive French woman

Charles Hargrove
Sept 14

The French Government, in an attempt to save the life of a French woman, the anthropologist, who was captured by the Chadian Government's intransigence and the refusal of the Toubou guerillas to release her, has been held a prisoner for the past 17 months. Her captors have threatened to kill her on September 23, unless demands for a ransom are met.

Yesterday, the day after the letter for Cooperation had been sent, President Giscard d'Estaing agreed to pay the sum of 10m francs (about £1m) for the release of Mme Claude, the French Government took note at what it termed as the readiness of Paris to negotiate with Hissen Habre, a rebel leader, although in the weeks it had more or less condemned this and turned its back.

Chad Government communiqué issued in Ndjamena said: "The attitude of Paris is that some people there are resolutely hostile to a peace in Chad. Others, how can one explain that the French authorities falling on their knees to them (the guerrillas) by playing with unacceptable illusions and deadlines in a so-called ultimatum."

He communique went on to demand that the French Government withdraw its troops from Chad and its accusations against the guerrillas.

M. Pierre Claude, Mme Claude's husband, who is also a prisoner of the guerrillas, is alleged to have flown out to the Tibesti region held by the guerrillas in a French aircraft, "in order to pretend to become a second hostage and torpedo negotiations under way between Paris and Ndjamena."

He is also accused of suggesting the publication of a so-called ultimatum by Mr Hissen Habre, in order to stir up the feelings of the French people.

No arrangements have yet been made about the payment of the ransom, nor is it clear whether it is acceptable to the guerrillas. When originally proposed to Mr Hissen Habre more than two months ago, it was not. He insisted on deliveries of arms and equipment.

The negotiations conducted by M. Stéphane Hessel, the first special envoy of the French Government, had led in July to a compromise arrangement. Mme Claude would be released against a 4m francs cash payment and 6m francs worth of non-military stores.

Friday's announcement by the Ministry of Cooperation made no mention of any stores, and M. Pierre Abelin, the minister, refused, when he left the Cabinet meeting, to comment on the decision.

The French announcement made no mention of Mme Claude, who had decided to join her wife, and talk the guerrillas into releasing her. It would seem that the French Government wishes to deal first with the more urgent case of Mme Claude.

Bank frauds 'brought an Italian gang £2m'

From Our Correspondent
Rome, Sept 14

Police in Rome have arrested eight members of an extreme right-wing gang and charged them with taking part in a bank fraud conspiracy believed to have netted them about £2m.

One of the victims is Monica Viri, the film actress, whose bank account was robbed of about £60,000.

The gang comprises a number of right-wing militants, forgers known to have provided terrorists with false documents, and bank officials.

Police said that the bank officials gave the gang the names and account numbers of people who had large sums in their accounts, and provided them with forms enabling them to collect cheque books in the accounts holders' names.

They then forged cheques and deposited them in accounts opened under false names in other banks. A few days later they would draw out the money in cash.

It was not immediately clear whether the gang's purpose was personal enrichment or the financing of terrorist or other right-wing activities. Two of the accused, however, are believed to have started a construction business with some of the money.

Police in Apulia, southern Italy, are working on the theory that the kidnapping of a bank manager in Lecce this summer was the work of an extreme right-wing gang.

Three neo-fascists are in custody pending investigations. One is the neo-fascist provincial party secretary for Brindisi, who police say rented a villa where the victim was kept and had the keys to a flat to which he was moved later.

OVERSEAS

Ford pledge to Republican women that he will use his veto to cut back spending by Congress

From Fred Emery
Washington, Sept 14

President Ford is back safely in Washington from a campaign visit to Dallas during which, in spite of last week's shooting on his life and memories of the Kennedy assassination 12 years ago, he stood in an open car and waved to the crowds.

Mr Ford delivered an admonition to unidentifiable prophets of doom. "I did not take the sacred oath of office to preside over the decline and fall of America," he shouted during a speech to the Republican women's national convention.

"I have heard much too much from people who say everything is falling apart, how the quality of life is sliding downhill, how the job is worthless, how murderers and rapists are keeping everyone behind locked doors, and how even the President of the United States should stop visiting public places and seeing the American people."

He paused and waved his arms. "I have had it with that kind of attitude," he shouted.

It was as well that Mr Ford did not try to identify the murderers and rapists. Those who suggest he should stay in Washington and get on with the job of President are rarely the same as those who wonder what the country is coming to.

The latter were likely to have been sitting listening to the President. These highly conservative women, more excited by Mr Ronald Reagan, the former governor of California, than by Mr Ford, look to the retired film star to deliver the country.

During his tour through the southern mid-West and Texas, Mr Ford has indicated his tacit support for those who oppose the transfer of children to schools in different areas to strike a racial balance. He is now more careful to add his own support to the law which must be upheld whatever one feels, which to many amounts to no more than a mild up on the wrist.

He brought the Republican women to their feet for a minute-long ovation, however, when he proclaimed that there was a better way of providing good education than by mixing children up racially and socially.

Doubtless there is. Mr Ford and his wife have repeatedly abdicated the responsibility for finding that better way to federal judges who, adjusting to the law, have to uphold the present laws. Mr Ford says his way would be to increase the numbers of teachers, improve the schools and so on, enrolling precisely the sort of increased government spending for which he spent all weekend castigating the Democrats.

He told the Republican women the only weapon left for outnumbers Republicans was his presidential veto. He vowed to use it "again and again" to end the 25 years of Democratic spending. He did not mention the bare fact that it is precisely his vetoes of social spending that Congress mostly overrides, as with the \$7,900m (£3,760m) federal aid to education Bill, which became law over Mr Ford's veto last week.

"A trickle of federal spending for human need has become a tidal wave under Democratic congressional action," he said. "If it continued at the same rate, by the year AD 2000 half the people of this nation will be living off the other half," he said. "This trend must be reversed—and it will be reversed."

Mr Ford was preaching to the converted. It is doubtful whether many others are taken in. At least Mr Reagan is more consistent, intelligently when he says the only way to stop budget spending required by law is to get a Republican Congress elected that will change the laws.

Some of the big-state Republican senators reminded Mr Ford recently that he needed to win independent voters and the more liberal-minded, big-state Republicans much more than he needed to convince the party's right wing he could out-Reagan Mr Reagan. It is becoming clearer, however, that Mr Ford is at home with the party's somewhat simplistic right.

MORE WINE BARGAINS FROM LAYTONS

VINTAGE PORTS, CLARETS, BURGUNDIES, HOCKS and CHAMPAGNES plus RHONE and ALSACE.

We have assembled a fine selection of competitively priced stocks from famous vineyards—some of these prices cannot be repeated once the stock is sold.

MINIMUM ORDER: 1 doz. bottles UNMIXED
FREE DELIVERY UK MAINLAND—PRICES INCLUDE 8% VAT

HOW TO ORDER: TELEPHONE OR WRITE TO LAYTONS as below. BARCLAYCARD ACCEPTED.

An invoice will be posted immediately and after PAYMENT is received delivery will be made—mostly on our own transport.

PRICES quoted per dozen bottles include VAT—FREE DELIVERY U.K. MAINLAND.

VINTAGE PORTS
A most adventurous opportunity to buy in lieu of the problems facing future production in Portugal—storage can be arranged.

| Ref. | 15 doz bottles | 1955 GONZALEZ | Per doz. bottles incl. VAT |
|---|-----------------|---|----------------------------|
| 215 | 25 doz bottles | 1958 WARRE | £38.00 |
| 216 | 30 doz bottles | 1960 SANDEMAN | £38.00 |
| 217 | 18 doz bottles | 1961 CROFTS | £38.00 |
| 218 | 40 doz bottles | 1960 WARRE | £48.00 |
| 219 | 60 doz bottles | 1962 OFFLEY "Boa Vista" (recommended for drinking—unique unknown—very special price) | £35.00 |
| 220 | 180 doz bottles | 1963 SANDEMAN | £38.00 |
| 221 | 120 doz bottles | 1963 WARRE | £38.00 |
| 222 | 200 doz bottles | 1963 COCKBURN | £38.00 |
| 223 | 180 doz bottles | 1963 SANDEMAN | £38.00 |
| 224 | 75 doz bottles | 1963 GRAHAM | £40.00 |
| The 1963 vintage is considered one of the "greats"—well known and famous 4/5 years before vintage. It grows 100 acres. | | | |
| 225 | 40 doz bottles | 1963 OFFLEY "Boa Vista" | £38.00 |
| 226 | 20 doz bottles | 1963 CROFT | £38.00 |
| 227 | 50 doz bottles | 1963 GRAHAM | £38.00 |
| 228 | 30 doz bottles | 1963 COCKBURN | £38.00 |
| 229 | 40 doz bottles | 1963 OFFLEY "Boa Vista" | £38.00 |
| 230 | 20 doz bottles | 1963 SANDEMAN | £38.00 |
| 231 | 70 doz bottles | 1963 GUNTA DO NOVAL | £38.00 |
| 232 | 80 doz bottles | 1963 COCKBURN | £38.00 |
| Most of these are in bond and delivery may take up to 3/4 weeks. | | | |
| CHATEAU BOTTLED CLARET | | | |
| There is still plenty of Claret stock in this country. Our offer is a careful selection of good value. | | | |
| 233 | 140 doz bottles | 1970 CH. BEL. AIR (French Bellet) | £16.00 |
| 234 | 110 doz bottles | 1970 CH. DU BOUSQUET, Coles de | £17.00 |
| 235 | 75 doz bottles | 1967 CH. BELLEGAUDE, Marquis de | £19.00 |
| 236 | 75 doz bottles | Shows the delicacy and charm of a cool, airy vintage. 1967 CH. MARGAUX | £28.00 |
| 237 | 50 doz bottles | In our opinion the best 1st growth. | £32.00 |
| 238 | 130 doz bottles | 1967 CH. TALENCE, Marquis de | £29.00 |
| 239 | 40 doz bottles | Really excellent—very good fruit | £36.00 |
| 240 | 22 doz bottles | 1968 CH. GRAUD LAROSE, St. Julien | £36.00 |
| 241 | 30 doz bottles | 1970 CH. LA LAGUNE, Lugon | £29.00 |
| 242 | 40 doz bottles | 1970 CH. CALON SEGRU, St. Estephe | £31.00 |
| 243 | 30 doz bottles | 1971 CH. DUCRU BEAUGAILLON, St. Julien | £32.00 |
| TWO FINE "OFF VINTAGE" CH. LATOUR—1st growth. Pauline Ch. Latour is fully reputed for its remarkable ability to make excellent wines in generally poor vintages. | | | |
| 244 | 50 doz bottles | 1968 CH. LATOUR, 1st growth | £74.00 |
| 245 | 30 doz bottles | 1968 CH. LATOUR, 1st growth | £24.00 |
| LONDON BOTTLED CLARET | | | |
| 246 | 180 doz bottles | 1970 CH. LA SALLE, Bordeaux | £15.75 |
| Bottled by Lobeck. This is very critical quality—good colour and smooth. Ideal drink for 3/4 years. Overlooked value is listed. | | | |
| LONDON BOTTLED RED BURGUNDY | | | |
| These London bottlings will not be repeated in later vintages as the grapes are now required to meet the French Appellation laws. Take full advantage of these prices—when exhausted these stocks cannot be repeated. | | | |
| ONLY TOP CLASS BOTTLES HAVE BEEN SELECTED. | | | |
| 247 | 100 doz bottles | 1970 VIGNY, Marquis de | £18.00 |
| 248 | 90 doz bottles | 1970 FOMARD, Bouchard Pere et Fils | £18.00 |
| 249 | 120 doz bottles | 1970 FOMARD, Bouchard Pere et Fils | £18.00 |
| 250 | 100 doz bottles | 1971 GEVREY CHAMBERTIN, Cotee | £16.50 |
| 251 | 75 doz bottles | Just ready—will keep several years. | £19.00 |
| A classic style developing into fullness. | | | |
| WHITE BURGUNDY—London Bottled | | | |
| 252 | 50 doz bottles | 1972 PULIGNY MONTRACHET, Bouchard Pere et Fils | £18.00 |
| WHITE BURGUNDY—Domaine Bottled | | | |
| 253 | 50 doz bottles | 1972 CHABLY "Les Clos" Grand Cru, Deutzsch | £24.00 |
| 254 | 40 doz bottles | 1968 CORTON CHARLEHACNE, Bouchard Pere et Fils | £33.00 |
| Do not worry about the vintage—superb flavour. | | | |
| 255 | 50 doz bottles | 1970 GROS BATARD MONTRACHET, Deutzsch | £34.00 |
| RED BURGUNDY—French/Domaine Bottled | | | |
| Fine Burgundy is much more difficult to buy than fine Claret—these eight wines have been chosen with great care and represent the best of the Cote d'Or. | | | |
| 256 | 35 doz bottles | 1971 MOREY ST. DENIS "Clos de la Roche" Domaine Rogier | £27.00 |
| 257 | 50 doz bottles | 1970 MOREY ST. DENIS "Clos de la Roche" Bouchard Pere et Fils | £27.50 |
| 258 | 40 doz bottles | 1971 VIGNY SANTIENIS, Domaine Lalon | £28.00 |
| 259 | 18 doz bottles | 1970 HOSPICES DE BEAUNE VIGNY, Cotee de Beaune | £29.50 |
| 260 | 50 doz bottles | 1970 BEAUNE GREVES, L'Espresso | £31.00 |
| 261 | 33 doz bottles | 1969 HOSPICES ST. GEORGES "Les Vignerons" L'Espresso | £31.00 |
| 262 | 18 doz bottles | 1969 BONNES MARES "Vignerons" Vignerons, Dau | £43.00 |
| ALSACE | | | |
| 263 | 100 doz bottles | VIN D'ALSACE 1973, 2nd Humbrecht | £16.00 |
| Included because this dry white wine has real charm. Perfectly suited for all tastes. Estate bottled. | | | |
| RHONE | | | |
| 264 | 100 doz bottles | LA MUSSOIRE 1973, Domaine Nivelle | £13.00 |
| 265 | 200 doz bottles | A "hot" quality—red—anti and truly CHATEAUNEUF DU PAPE 1971, French Bottled by Urban Renaud. Traditional full bodied style from great vineyards—cheaper than in France! STRONGLY RECOMMENDED. | £17.50 |
| HOCK | | | |
| 266 | 150 doz bottles | OPPENHEIMER KROENBRUNNEN O.B.A. 1973, German Bottled by Urban Renaud. A gentle medium dry wine—great for all cellars. | £16.75 |
| 267 | 37 doz bottles | NIERSTEINER FINDLING SPATELSE 1971, German bottled Guntum—not too sweet. | £22.50 |
| MOSEL | | | |
| 268 | 25 doz bottles | KLUSSERATHER BRUDERSCHAFT Aus. 71, Estate bottled Joe. Tull—Finest mosel Auslese 71 in our cellar. | £24.00 |
| CHAMPAGNE | | | |
| 269 | 40 doz bottles | N.V. PIPER HEIDSIECK, Sanctional price | £34.00 |
| 270 | 40 doz bottles | N.V. CANARD DUCHENE, Brut | £34.00 |
| 271 | 50 doz bottles | Most superior dry dry. | £34.00 |
| 272 | 50 doz bottles | N.V. TAITTINGER "La Francine" | £34.00 |
| 273 | 20 doz bottles | Low in this stock at this price. | £32.00 |
| 274 | 20 doz bottles | N.V. LOUIS ROEDERER | £32.00 |
| 275 | 20 doz bottles | 1966 PIPER HEIDSIECK | £20.00 |
| This vintage is in price condition. | | | |
| LAYTONS are very happy to offer serious advice on these wines. (Just part of our selection) and customers are invited to call for G. J. CHIDDEY, M. J. L. MORGAN or J. R. RADCLIFFE. | | | |
| LAYTONS WINE MERCHANTS LTD. Independent Wine Shippers. 11 Gough Square, E.C4 3JL. Telephone: 01-253 2885/6, 353/1176, 353/1178, 353/1179, 353/0812. Telex: 21159. | | | |

Jarm in southern Italy after death of 12 babies

From Our Correspondent
Naples, Sept 14

There is growing concern over sanitary conditions in southern Italy after the deaths of 12 newborn babies in a private clinic in Avellino, near Naples.

Thirty-nine of the 49 babies born at the maternity ward of the la della Platane clinic caught infection, and several are in a critical condition. About 10 of the babies are born at the hospital, and the town is alarmed. Woeing relatives dead or sick babies can be seen waiting day and night outside the hospital.

Investigations have been started to discover the origin of the infection, which has been identified as the endemella and poisoning virus. The local and political authorities also want to know why the ward was only isolated and the public informed yesterday, although the first babies fell ill a week ago and the first death took place on Wednesday.

Dr Carmine Masini, the head and part owner of the clinic, described the infection as "pure bad luck", and pointed out that salmonella poisoning is on the increase.

The principal theory is that unless the babies' milk was infected—the water has been found to be uncontaminated—the probable cause is some carrier who brought the virus into the ward unwittingly. This theory seems to be borne out by the fact that a spot check of 150 people in Avellino in July found that 11 per cent were carriers.

Parachutists land in St Peter's Square

Rome, Sept 14.—Two parachutists floated down into St Peter's Square, cheered by some 150,000 people there, as the Pope delivered his midday blessing today. The two men belonged to a Milan aero-club.

French petrol stations in protest strike

Toulon, Sept 14.—Managers of small petrol stations in parts of the south of France went on strike today in protest against what they said were unfair concessions granted by oil firms to larger stations.

Hindsight on disaster in Vietnam

From Our Own Correspondent
Washington, Sept 14

Dr Henry Kissinger, the Secretary of State, has caused some surprise here by asserting that he had "always considered" Indo-China a disaster for the United States.

Appearing last night in a television interview with Mr William Buckley, the conservative columnist, he made his strongest statement to date in attempting to dissociate himself from the original American involvement in Indo-China, which continued for six years during his time in office. Last April he blamed Congress for failing to save South Vietnam.

Mr Buckley suggested that "it seems to be plain that the disaster of Indo-China against which you struggled was a disaster never the less."

"Well," Dr Kissinger replied, "I have always considered Indo-China a disaster from the moment it began."

Nationwide strike in Lebanon averted

From Paul Martin
Beirut, Sept 14

Mr Rashid Karami, the Prime Minister, declared tonight that he had succeeded in securing agreement from militant leftist to abandon attempts to enforce a nationwide strike.

The announcement was made after a day of tension in the capital as leftist and rightist irregulars fought running battles in three "frontline" suburbs.

The new crisis, which had built up over the weekend, threatened to pit the left against the right, the Phalangists and their Christian right-wing supporters, but also the Muslim leadership. In an unprecedented stand in support of the Government over its movement of troops into the Tripoli battle zone, the entire Muslim leadership condemned the leftist strike call.

Since the Socialists, Communists and Baathists have always relied on the support of the Muslim's, this robbed them of their muscle and left them dangerously exposed.

Indeed, the traditional Muslim leaders made it clear that they would stand by the security forces to ensure that attempts to call a strike would be frustrated.

Mr Karami announced in a special radio broadcast the successful conclusion of his day-long negotiations with Socialist leaders and with Mr Yassir Arafat, Chairman of the Palestine Liberation Organization.

Clearly, the manner in which Shaikh Hassan Khalid, the Sunni Mufti, and Imam Musa Sadr, the powerful Shia leader, stood firmly against the leftists is a measure of their concern over the deteriorating situation in the country. They were quickly backed by leading Muslims such as Mr Saeb Salam and Mr Abdullah Yafi, the two most powerful political figures in Beirut.

Added to this opposition was that of the General Labour Union, a long standing ally of the left, which declared that the strike call against the Army's intervention in Tripoli was unwarranted. With such a lineup of old allies standing opposed to him, even Mr Karami, the Socialist leader, had to back down.

During the past 24 hours, kidnappings by leftist and rightist militants and mortar and machinegun battles ended the short lived peace in three of the eastern suburbs.

Security forces managed to reestablish calm intermittently, but were unable to prevent new outbreaks of shooting as hit and run tactics were used across the lines that divide the communities. In the latest outbreak of fighting in the capital, at least four people were killed and about 25 were wounded.

In one incident during the night, the car of Mr Alfred Brunier, the Papal Nuncio, came under heavy machinegun fire as it drove through the suburbs of Hazmieh. He escaped unharm.

Israelis on their guard for the start of Yom Kippur

From Our Correspondent
Tel Aviv, Sept 14

Worshippers crowding Yom Kippur services tonight were warned by the police to be wary of suspicious objects or vehicles near synagogues. The police issued rifles to those worshippers who are civil guard volunteers and the Army posted civil defence wardens at places of worship.

The security authorities said they had information that Arab terrorists had planned atrocities for the occasion, which is also the second anniversary of the outbreak of the 1973 war. Traffic from occupied Arab areas, which is not restricted ordinarily, was barred from this afternoon.

Arab extremists were believed to be particularly eager to do something spectacular to demonstrate their objections to the interim agreement concluded between Israel and Egypt.

Yom Kippur, a day of fasting, prayer and confession that is the climax of a 10-day period of repentance, has been the most awesome day of the Jewish calendar since biblical times. The Egyptian and Syrian surprise attack two years ago, which is still fresh in Israeli minds, added to its solemnity.

Mr Rabin, the Prime Minister, confined his broadcast this afternoon to a message of sympathy to families bereaved in Israel's wars.

The country came nearly to a standstill hours before sunset when the 25 hours fast commenced. Buses and trains halted; the harbours and the international airport closed down. Skeleton crews of technical departments remained on hand for emergencies.

The state radio and television stations went off the air until tomorrow night and foreign diplomats were asked not to drive their cars.

Arab extremists were reported to have instructed the captain of a Greek ship due in Ashdod this week to proceed with its cargo of cement through the Suez Canal and unload at Eilat, Israel's Red Sea port.

It would be the first ship to test the recent interim agreement with Egypt, which says non-military cargoes destined for or coming from Israel will be allowed through the canal.

African leaders discuss crisis in Angola

From Nicholas Ashford
Lusaka, Sept 14

Five African leaders today ended a two-day meeting in Lusaka at which they discussed the continent's two most explosive issues—Angola and Rhodesia.

The talks, held in the Zambian President's sumptuous country lodge about 10 miles outside the capital, were in secret. There was no indication by the time three of the leaders left late this afternoon whether any important decisions had been taken.

Those present were President Kaunda of Zambia, President Nyerere of Tanzania, President Machel of Mozambique, President Sir Seretse Khama of Botswana, and Mr Henri Lopes, Prime Minister of Congo-Brazzaville.

A notable absentee was President Mobutu of Zaïre. He had originally been expected to attend but declined at the last minute because he had to play host to the Belgian Prime Minister, who is visiting Zaïre.

Without Zaïre, it is unlikely that the summit was able to take any new initiative over Angola. Zaïre is the main backer of the National Front for the Liberation of Angola (FNLA) which is locked in conflict with the rival Popular Movement for the Liberation of Angola (MPLA).

So far pan-African attempts to end the Angolan fighting have been unsuccessful. The Organization of African Unity summit meeting last July decided to form a special commission to seek ways of ending the fighting.

Although Angola was ostensibly at the top of the Lusaka summit agenda, there is little doubt that much time was spent discussing the deep split in the ranks of the Rhodesian African National Council (ANC).

If someone was going to find fault with the way the crow flies, it had to be the Swiss



The quickest way of crossing Europe isn't necessarily as the crow flies.

If you're in Brussels at 9.15am, for instance, and you want to get to Rome as soon as possible, the quickest way is to fly via Zurich with Swissair.

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In fact, throughout Europe, there are many places where it's actually quicker to fly Swissair via Zurich or Geneva than waiting to fly direct.

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The World's Press/Part 1

Ten years ago 'The Times' published a series of articles on the world's great newspapers. Now our correspondents discuss the evolution of these newspapers in the light of economic and political developments

Washington Post

Weeks ago *The Washington Post* big story on its front page: The attorney general was closing in on Governor of Maryland. They had named his bank records, those of friends and those of his son, and the implication of the story was the Governor would soon go to the prison of his predecessor, Mr. Spiro.

It was a strong stuff, and provoked a reaction from the governor and friends. It also provoked a strong article in *The Washington Post*, naming the story with the vigorous and unhesitant style which Nixon surprised to attack the Post in the days of Watergate.

It is an example and a consequence of a bizarre way in which American papers are edited. Mr. Philip H. H. who edits the leader page, goes to Mr. Ben Bradlee, who edits the news pages, goes to the publisher in the Times would once have been the chief proprietor.

Mrs. Graham, president more or less, and Mr. Bradlee, who is a powerful force in the paper, have been in a state of tension or institutionalized a chief reason for satisfaction is the paper is far better than it was ten years ago, when Ben Bradlee was editor. Bradlee became editor in 1968 and immediately adopted the policy which has ever made a newspaper editor great: he hired the people available, and he hired a young man.

Real dividends started to appear in 1972. Woodward and Bernstein did do Watergate on their own (and book gives as much credit where due as can be expected). There a host of able reporters to ferret the details of the multiple scandals. The Post led the pack, and although the role of the press can easily be exaggerated, it remains difficult to see the matter could have been moved so quickly and thoroughly out of the Post was then a power in the hand. By the summer of 1973, the Post led the pack, and although the role of the press can easily be exaggerated, it remains difficult to see the matter could have been moved so quickly and thoroughly out of the Post was then a power in the hand.

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Patrick Brogan

Berlingske Tidende

ENSKA DAGBLADET

Berlingske Tidende of Copenhagen and *Enskan Dagbladet* of Stockholm are so alike that the only basic difference is linguistic. Both are old and respected publications, retaining a conservative flavour in socialist lands. Small circulations belie their true essence: decision-makers in the North Atlantic and abroad consider these papers vital.

Both have large sums of money and are supported either by government funds or by indirect contributions from the business community. The two are pro-American, pro-EEC and anti-socialist. *Enskan Dagbladet*, founded in 1748, has a circulation of about 170,000. *Berlingske Tidende*, established in 1884, has over 160,000. Both, they reflect and support the conservative Party views, but in recent years have opened up features on the occasional socialist or even communist commentator.

Two papers maintain a far-flung correspondent network, reflecting the fact that Denmark and Sweden are trading nations whose survival depends upon detailed and accurate knowledge of the outside world. These reports are supplemented by the *New York Times* News Service.

Foreign and cultural pages have a certain renown for *Berlingske Tidende* and *Enskan Dagbladet*. Domestic reporting is, according to many informed commentators, *Berlingske Tidende*. It is stated, sometimes tendentious, that a number of readers are afraid to open the newspaper in and out of the country.

A Special Correspondent

New York Times

New York Times is a paper which itself writes seriously; but then a right to. Seven days a week it covers wider coverage of both American and foreign news than any other newspaper. Its best reports are good indeed, and it is in both accurate and comprehensive.

not a national paper, however, a way that most London papers

are. Like all American papers it is firmly rooted in its home base, New York, and this means that purely New York news will often get as much prominence as major international events—add far more than news from, say, Chicago or Los Angeles. The *New York Times* is first and foremost a paper for New Yorkers.

In its editorial stance, in detail about the details of the federal government in Washington. But they can also read the paper for the problems of living in New York, the latest decisions by the board of education, and the details of the latest mugging in Central Park. With all its advertising, the paper will have about 70 or 80 pages on an average weekday.

The massive Sunday edition is another story and it is a mine of information. The paper's prestige, however, rests on its coverage of international and domestic news. This is partly the result of thoroughness on the big event. The *New York Times* coverage may run to several pages, complete with all the main texts. But it is also the result of having probing reporters at home and abroad, and of a more active policy in recent years of digging out the news.

The *New York Times* was the first paper to start publishing the Pentagon Papers on American involvement in Vietnam in 1971, and it was a *New York Times* report last December that led to the setting up of the Rockefeller Commission on the Central Intelligence Agency. Admittedly the paper was left behind by the *Washington Post* in Vietnam in 1971, and it was a *New York Times* report last December that led to the setting up of the Rockefeller Commission on the Central Intelligence Agency.

It combines this with an editorial policy which has become more liberal over the years. The *New York Times* has backed the Democratic candidate in the last four elections—President Kennedy, President Johnson, Senator Humphrey and Senator McGovern. Its hallmark today is a basically moral approach to issues, which rises to a high pitch of indignation on occasion over Watergate, for example.

It is not, unfortunately, an attractively produced paper. Some of the writing in its long columns of type can be stodgy, and its headlines are less lively. At the *New York Times*, accuracy and comprehensiveness have always come before readability. But information is there, for the reader who will take the time to get at it, and it is there in impressive quantities.

Peter Stafford

Neue Zürcher Zeitung

The *Neue Zürcher Zeitung* pursues its steady course, seemingly unperturbed or largely unaffected by the economic vicissitudes which have shaken many daily newspapers. It did find it necessary last year, though, to change from two editions to one—there used to be three.

A foreign coverage generally acknowledged to be as good as that of any newspaper in Europe today has the paper's quality of news coverage through neutral Swiss eyes, with a measure of healthy scepticism as appropriate.

The *NZZ* is sometimes called a conservative newspaper because of the scope of its foreign coverage from some 50 staff correspondents, plus a judicious selection from agencies of which is significant to the above-mentioned eyes. Its editorial views are stated with unabashed forthrightness, the point sometimes being underlined in an accompanying or subsequent article.

During the Helsinki summit, for example, it published an article illustrated by two photos of which in general it makes no great use—describing, in considerable detail, the deadly contrivances installed by the East Germans along their western frontier to deter freedom of travel by their neighbours.

The *NZZ* is, of course, highly specialized in the economic and commercial fields, to the extent that what it says one day about a country's prospects may be reflected the next in a shift in the parity of its currency in the Zurich foreign exchange market.

It moves, mostly, with a certain deliberation; even some of its most fervent admirers say it is often behind other newspapers—but, they add, the fruits of its reflection more than compensate for the delay.

Liberal Democrat Party (Freisinnig demokratische Partei) sympathies are more apparent than in other sections of the paper. There is a tradition of recruiting staff whose families have Liberal associations.

It is not in general given to flamboyance when it comes to washing the dirty linen of Swiss finance in public—there is even the occasional criticism inclined to describe its reporting of financial news from financial propriety in Switzerland as reluctant.

But they, like all other regular readers, would not care to be without it. The circulation, now about 100,000, rises by some 2,000 a year.

Alan McGregor

The Globe and Mail

The *Globe and Mail*, Toronto, is the closest thing Canada has to a national newspaper. Thanks to jets, it is obtainable on news stands across this vast country on the day of publication. This can be said of no other Canadian newspaper. It makes *The Globe* likely the best known daily in the country, and it may also be the most highly respected. Its editorials and news stories are widely quoted in other newspapers. It is also probably the Canadian newspaper best known abroad.

Front-page stories developed by *The Globe* are frequently picked up by the Canadian Press, a national news-gathering agency, and distributed to other Canadian newspapers, with credit given to *The Globe*.

Thus *The Globe*, a morning paper, can set the tone of newspaper play across the wide region—sometimes across the country for an entire day.

Formerly a supporter of the Progressive Conservative Party, the newspaper during the past 20 years or so has

asserted complete political independence. In the 1974 federal election it supported the Conservatives while in the campaign two years before that it endorsed the Liberals.

In social and economic affairs, it still leans towards Conservative bias. Its editorials, hard-hitting and pungent, are sometimes imbued with a self-righteous, omniscient flavour that public enemies find objectionable. The *Globe and Mail* is independent politically, but by no means neutral; the paper told a special Senate committee on the mass media a few years ago. "Its independence of any political party or faction gives its editors freedom to criticize or support parties or policies they see fit."

Ten years ago the newspaper, a descendant of one founded in 1844 by Scots-born George Brown, an architect of Canadian confederation, was merged with *The Star*. The new paper, the *Globe and Mail*, a nine-member Canadian newspaper chain, was designed to give it greater financial stability.

The *Globe* has not been impressive in terms of circulation in recent years. Its circulation is about 254,000-285,000. It is highly successful *Report on Business* is taken into account. The *Report on Business* is included in the regular edition but also exists as a separate entity. Six years ago, the newspaper's circulation was 270,000 and the separate circulation of the business report 18,000.

Since then a vigorous new morning tabloid, *The Sun* (with strong resemblances to the London *Sun*) has been launched to compete with *The Globe*, especially among the Toronto subway crowd. The *Sun's* circulation has climbed to 115,000, that of its Sunday edition to 161,000. *The Globe*, like most Canadian newspapers has no Sunday edition.

John Best

Figaro

The *Figaro* is "in crisis". M. Jean D'Ormesson, the Paris daily's editor, wrote recently in a leading article, revealing publicly something of the drama which is being played out in the press of the French capital. By contrast, the provincial dailies, though all have their own problems, have not the past decade, have better withstood the competition from television and now must turn to the French daily readership.

The acquisition this summer of *Figaro* by M. Robert Hersant, former publisher of the Paris *France Presse* group, is a clear sign of the times. The crisis is many-sided and by no means unique to *Figaro*. M. D'Ormesson, after first thinking of resignation, has now decided to stay on to help fight the falling readership, there is widespread overstaffing coupled with the monopoly of the Paris printers' union and, above all, large investment needed to put through modernization of the aging presses.

This M. Hersant, who received an amnesty for the war for offences under Vichy, can provide. But *Figaro's* soul searching has been compounded by the doubts of a third of the journalists who publicly opposed the sale of a majority in the share capital to the new owner, fearing a threat to the paper's independence and its long tradition of neutral Swiss eyes, with a measure of healthy scepticism as appropriate.

Although the *Elysee* has taken a quiet interest on the sidelines, the Hersant purchase follows the Government's underlying determination not to interfere with modernization based on free market forces.

This explains how the mass circulation *Parisien Libéré*, owned by M. Emilien Amaury, has been allowed to go through a painful surgical operation in an attempt to survive, defying all the unions and making life even more difficult for the other newspaper proprietors.

France Soir, the other mass daily hit by television and owned by the Hachette group, is also fighting back with a new team. But here, in contrast to M. Amaury's substitution methods, the French journalists' unions, whose growing concern is extending editorial influence, have marked up a significant victory.

Copying the set-up of *Le Monde* (the only Paris daily with modern presses and making money) is the French journalists' ultimate goal, for as M. Pierre Vasson-Ponté, one of its chief writers, has publicly argued, if President Giscard d'Estaing's France is to achieve a genuine democratic reform of industry, why should not the newspaper be accorded a unique status in company law?

France, however, still boasts a free press, but the industry is in a state of crisis. M. Philippe Tesson, who launched a highly successful daily for the medical profession a few years back, now lets this help a lively little daily, *Quotidien de Paris*, and M. Jean-Louis Servat, a provincial publisher of *L'Express*, is courageous enough to have decided to bring out a new daily this autumn.

Richard Wigg

The New York Times

Most of Israel's Hebrew newspapers are organs of political, trade union or religious organizations. Of the three which are not dependent on financial subsidies, two generally reflect the right-wing views of their editors. The exception is *Haaretz* (*The Land*), which has jealously guarded its political independence and owes its dominant position to the high quality of its commentaries and reports.

Founded in 1919 to cater for the growing Hebrew-speaking population concentrated in the new town of Tel Aviv, its early years were marked by struggles with competitors and against economic difficulties. But its prosperity was assured by the mid-1930s, when refugees from Nazism swelled the

Jewish population of Palestine and the newspaper was bought by a wealthy businessman, Mr. Zalman Schocken, who initially regarded publishing as a sideline.

His son Gershom became editor-in-chief in 1939 and has kept firm control over *Haaretz* for 36 years, while giving free rein to a talented and varied host of staff writers and contributors. The newspaper has aimed at Israel's intellectual rather than political establishment. This has allowed it, while remaining faithful to Zionist fundamentals, to espouse unpopular causes and throw its weight against personalities who were almost demi-gods to most of the people.

Having supported Mr. Moshe Dayan for years after he and his Rafi faction split from the Labour Party, *Haaretz* severely criticized him two years ago for his electioneering extravagances in the accelerated Jewish settlement and land purchase in the occupied West Bank—a campaign which is believed to have influenced the timing of the Arab attack on Yom Kippur.

Other contributors include Israel's foremost military correspondent, Zeev Schiff, and Matti Golan, whose book on Dr. Kissinger's abortive mission in March was banned by the censor. Mr. Golan's fight against the decision was published in the newspaper and has been given permission to rewrite the book, omitting passages regarded as harmful to the nation's security—though whether censorship in this case has a political rather than security flavour has been hotly debated.

However, also has one of the world's finest political cartoonists, Zeev, whose fame is limited by concentration on Israel politics and by Hebrew captions. The weekly edition is dominated by his full-page cartoon, usually a crowded masterpiece of caricature and draughtsmanship, illustrating an Israel view of the world's leaders.

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Eric Marsden

LA STAMPA

Almost every leading Italian newspaper depends financially on the world of business and industry. There is no national press, and little sign of such a thing developing. Most Florentines read a different newspaper from most Romans, just as most Milanese read a different newspaper from most Neapolitans.

Practically everybody in Turin reads *La Stampa* which forms part of the industrial and financial empire of the Agnelli family. Unlike many other Italian newspapers, *La Stampa* has a good deal of clarity and consistency.

The ownership is straightforward and straightforwardly displayed. The newspaper has its own history and tradition: its ancestry goes back more than a century to the *Gazzetta Piemontese* founded in 1867, and from the beginning its bid was for a wider appeal than its native Piedmontese base.

This broad appeal was provided by two remarkable editors, Luigi Einaudi and Alfredo Frassi. Both were active with seats in the Senate at the time when Italian unity was being created. They purchased the *Gazzetta Piemontese* changing its name to *La Stampa*, and developed a tradition which was generally progressive, while establishing the position of their newspaper by full and clear presentation of cable news.

Its present editor, Signor Arrigo Levi, had a brilliant career as a foreign correspondent and television commentator before taking over the editorial chair. Both he and his friend and predecessor, Signor Alberto Ronchey, have insisted on the need for a clear and non-theoretical style. Rhetoric remains one of the blights of much of Italian journalism.

Editorial policy at *La Stampa* places much importance on the country's social problems as well, naturally, as concentrating in particular on Piedmontese and provincial issues. Rhetoric remains one of the blights of much of Italian journalism.

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SPORT

Athletics

Season ends with spirited relay and a double British victory

By Neil Allen

Athletics Correspondent

Britain's men and women athletes clinched a double victory over Sweden at Meadowbank stadium, Edinburgh, yesterday with a spirited men's 4 x 400 metres relay which Roger Simmonds held off Sweden's Sjöberg by 7.10ths of a second as the covered the anchor leg in 46.3 seconds. After two days of silvering for his visiting athletes first press-though the local enthusiasts, who numbered about 7,000 yesterday, looked reasonably cheerful in the bleak weather. It was a happy note on which to end a long and demanding season for the athletes of both countries.

It was less chilly yesterday than on Saturday and the flags were sometimes almost motionless compared with the previous day when gusts of almost eight miles an hour had blown the speed of so many runners. In the end a fixture, which had not been regarded as much of a contest, was only because it gave the Edinburgh public an important occasion to enjoy.

It took Alan Pascoe just over 14 seconds to win the high hurdles and complete what, he said afterwards, was a seriously challenged victory. That may seem extraordinary considering that in 1974 he won the 400 metres hurdles and the European 400 metres hurdles title. But Pascoe even admitted: "This season men even more because I took on the world's best and beat them and that was the right preparation for next year's Olympics."

Yesterday Pascoe came to the high hurdles without having had any training for at least two weeks and he had to learn from London that morning. But he looked cool—almost too cool after having had to borrow an extra track suit for the occasion.

Osmond, of Sweden, and then Britain's Alan Croftin had false starts. When the field was finally away, Pascoe was into his full effort by the fourth hurdle, head twisting briefly to one side and over the barrier, and he was never seriously challenged.

This victory was Pascoe's 13th race this season. That total earned him eight 400 metres hurdles, three at 10 metres, one over the low 200 metres hurdles and a single flat 400 metres. He won seven of his 400 metres hurdles races, and he was runner-up in the 400 metres hurdles at the Commonwealth Games in Auckland, New Zealand, in 1974.

Another contributor to the British team was the 400 metres runner, Tony Simmonds, who was pleased with his 5,000 metres victory though he left immediately after the race.

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I timed the next 400 metres of Simmonds in a remarkable 36.7sec. It was no wonder that by the time he had completed the final 600 metres in 96.2sec, his second string Stedley was out of contact though making sure of second place. I was delighted that Simmonds, who had a disappointing middle patch this summer, should follow up his last 10,000 metres on August 29 with such a satisfying tactical race.

While Sweden were winning the men's high jump, discuss and pole vault (both, happily, in still competitive mood), the women's 400 metres relay was a well-judged win in the 200 metres. On paper he had something to fear in the presence of Ake Svensson, the Swedish record holder at 1min 45.9sec, but he was always a strong contender. Coming off the last hand, Svensson drew level and then moved ahead as Svensson's head

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SPORT

United flaunt their skills instead of their studs

offrey Green

Correspondent

United's attack is by a rich in goals—29 alone in the division, where Burnley and City took the prize with 4 draws in which United's all the Lancashire strikes as ironic that perhaps the skillful and entertaining of all, between Queens Park and Manchester United, produce only a single through. That came after minutes with a header by following a corner by Bowles deprived United of their record.

was certainly a game to as was seen yesterday on an afternoon in which United and William Ormond, and Masson, of Rangers, the opportunity of impressing their natural skills on the ad and Scotland managers. United at times took apart with their deceptive and some of the best in the league, the of Houston and Buchanan, series of near misses by Thomas and Bowles which a missed penalty, United have gone home in tatters.

atch started by Chivers ds with ominous echoes

offrey Green

Following a promising start to season, Tottenham Hotspur find themselves gravitating to the lower regions. Beaten by Derby County at White Lane on Saturday, they have only one point from their last five matches to raise echoes of a year ago, they retain a measure of y and a close analysis of efforts shows how easily might have been avoided. Their defeat so far have been by a single goal, three of by this same score of 2-1, and Tottenham's record in United and now the reigns. The figures show hope and if the defence wants to remain unbeaten, it is not being entirely negated in attack. What they need is luck and some encouragement.

He skirt the abyss and the void beneath their feet, continue to tinker with their. The latest adjustment is to run at full back and swing large enigma, Chivers, from r to midfield. How long will operate is questionable. Chivers for once into his new role. It is always to face the ball than to it from behind in a co-ordinate, and Chivers, indeed, the fact by a certain amount which has not always appeared in the past.

much of the time, indeed, in a way that suggests into Derby, disturbing the m of Riech and Gemmell. He Tottenham's opening goal in minutes when he switched the second himself the stroke of half time with a nervous 20 yard shot to the corner. I stood to cheer one," said the Derby chair- later, generously and then out saved Tottenham's day in closing minutes when he all cut Newton in half with her thunderbolt from the edge he penalty area. As soon as an effort to break the action in goal, Spurs may be to concede.

satellite, in contrast, Derby, a halting start, but they did themselves. With a stern dation ahead in the Euro-Cup against Slavia Sofia, this is no time for standing. It is the hour for progress

ung may face club discipline

Young, Scotland's r-23 defender, who received ban from international football for the incidents in Copenhagen will not know until Thursday whether he faces further disciplinary action from his club, as a result of his latest de. Young, substituted 20 es from the end of the game Dundee United on Saturday, his shirt off, three minutes' manager, James Ron-

ults and tables

| Division | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|-----------------|-------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| First division | Derby | Sheff Wed | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd |
| Second division | Derby | Sheff Wed | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd |
| Third division | Derby | Sheff Wed | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd |
| Fourth division | Derby | Sheff Wed | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd | Sheff Utd |

Ipswich not yet fit for Feyenoord

By Clive White

Wednesday night may prove that the first round of the UEFA Cup has come too soon for Ipswich. Despite an encouraging 2-0 win on Saturday against Liverpool, who will be competing in the 2-0 win over Arsenal than in the 2-0 defeat by Newcastle, the present state of Ipswich's form and health indicates that they are not yet ready to withstand the rigour of Feyenoord in Rotterdam. Liverpool's defeat of the Dutch side in the 2-0 win over Arsenal, which has been heaped upon his young team in the past few years. And this week they had injury added to trouble. Talbot broke his leg at Leeds; Lambert went down and out with a bug; and on Saturday morning, Beattie reported with the occurrence of a mysterious slipped joint injury. Finally, after 23 minutes of the match, Johnson was carried off on a stretcher, and he was back to back with his hamstring trouble coming. On the recovery side, Peddley played his first match since fracturing his right arm in January, and he was back to back with his hamstring trouble coming. On the recovery side, Peddley played his first match since fracturing his right arm in January, and he was back to back with his hamstring trouble coming.

The common ailment on the field has been the inability to score goals. Four of the five they have scored in the last five games, but they have not scored in the last five games. The common ailment on the field has been the inability to score goals. Four of the five they have scored in the last five games, but they have not scored in the last five games. The common ailment on the field has been the inability to score goals. Four of the five they have scored in the last five games, but they have not scored in the last five games.

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Fact finders could have seen the weaknesses

By Norman Fox

RFC Antwerp, the club Aston Villa play in the UEFA Cup on Wednesday, a Belgian side, not to send a "spy" to Villa Park for the game against Arsenal on Saturday. In a curious way, the fact finders could have seen the weaknesses of the 2-0 win over Arsenal than in the 2-0 defeat by Newcastle, the present state of Ipswich's form and health indicates that they are not yet ready to withstand the rigour of Feyenoord in Rotterdam. Liverpool's defeat of the Dutch side in the 2-0 win over Arsenal, which has been heaped upon his young team in the past few years. And this week they had injury added to trouble. Talbot broke his leg at Leeds; Lambert went down and out with a bug; and on Saturday morning, Beattie reported with the occurrence of a mysterious slipped joint injury. Finally, after 23 minutes of the match, Johnson was carried off on a stretcher, and he was back to back with his hamstring trouble coming. On the recovery side, Peddley played his first match since fracturing his right arm in January, and he was back to back with his hamstring trouble coming.

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Fact finders could have seen the weaknesses

By Norman Fox

RFC Antwerp, the club Aston Villa play in the UEFA Cup on Wednesday, a Belgian side, not to send a "spy" to Villa Park for the game against Arsenal on Saturday. In a curious way, the fact finders could have seen the weaknesses of the 2-0 win over Arsenal than in the 2-0 defeat by Newcastle, the present state of Ipswich's form and health indicates that they are not yet ready to withstand the rigour of Feyenoord in Rotterdam. Liverpool's defeat of the Dutch side in the 2-0 win over Arsenal, which has been heaped upon his young team in the past few years. And this week they had injury added to trouble. Talbot broke his leg at Leeds; Lambert went down and out with a bug; and on Saturday morning, Beattie reported with the occurrence of a mysterious slipped joint injury. Finally, after 23 minutes of the match, Johnson was carried off on a stretcher, and he was back to back with his hamstring trouble coming. On the recovery side, Peddley played his first match since fracturing his right arm in January, and he was back to back with his hamstring trouble coming.

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Horse trials

Miss Pattinson makes her name on horse of unknown ancestry

By Pamela Macgregor-Morris

Pattinson, the 22-year-old Surrey rider whose career started at a tender age with show ponies, won the Raleigh Trophy at the British Horse Trials yesterday. She was riding Alex Colquhoun's Carawich, a brown seven-year-old Irish horse of unknown ancestry who was brought to England by the Derek Ricketts stable. A year ago she won the Midland Bank open championship on him at Cirencester.

Miss Pattinson was the leader after the first day of dressage on Mrs Hance's Olivia, who gave her a total immersion at the trout hatchery on Saturday and was named in second place at this stage.

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Bryan Magee

Why the left of the Left can never win

When revolutionary Marxists of any kind stand under their true colours in British parliamentary elections they usually get a derisory vote. Typical examples were on offer in the Newham North East constituency in last year's February election. There was an International Marxist candidate, who got 202 votes, and a Worker's Revolutionary Party candidate, who got 760 votes.

The Worker's Revolutionary Party candidate stood again in October, but this time—in spite of having fought a recent campaign, not to mention being a film star and getting quite exceptional publicity in the press and on television for both campaigns—only 572 votes. In that election every communist candidate in the country lost his deposit.

With occasional aberrations the situation has always been much the same—taking the country as a whole. So a member of any of these sects who has more than a feeble sense of reality is pretty well bound, eventually, to start questioning the point of his political activity. When he does this he is likely to react in one of three ways. He may withdraw, or he may launch a secret campaign to capture constituency Labour parties on a large scale.

Their game was rumpled, and some ruthless left-fighting went on between them and the Labour Party machine. When the communists got control of a constituency party the national executive responded by disaffiliating it and reconstituting it with different people. By 1927 no fewer than 23 constituency Labour parties had been thrown out of the national organization for this reason.

That particular communist campaign was broken in the end. But similar battles have been going on ever since, not only in the Labour Party but throughout the trade union movement.

For over half a century now the front line of the battle against revolutionary Marxism in Britain has been inside the Labour movement. And the most battle-scarred and experienced of the counter-revolutionary fighters are themselves all active socialists and trade unionists. This is something which lumpen-revolutionaries who see all socialist activists as "Reds" fail hopelessly to understand, and get diametrically wrong.

Seen against this historical background the situation in the Labour movement today is pretty near the norm. There have been periods when the left was more imposing, its leaders abler, the fighting fiercer, than they are now; and there have also been periods when things were more quiescent. There are no grounds here for serious alarm—but of course none for complacency either. The price of freedom is eternal vigilance; but against such vigilance the left of the Left is never likely to win, for it is too small a minority.

Even if, against all the odds, it were one day to capture the Labour movement, it would do so only to be deserted by the electorate, who would have no more enthusiasm for a Marxist Labour Party than they have for any other Marxist party. The paradox here is comforting: Marxists want to get control of the Labour movement because it has the allegiance of many millions of people; but it will retain the allegiance of only so long as Marxists do not control it.

The author is Labour MP for Waltham Forest, Leyton.

comes to seem self-evident to them that "everyone" is agreed on it, or at least "the overwhelming majority of people".

They develop pathetically mistaken assumptions about the attitudes of working people generally, which in fact are more inclined to be conservative, in the sense of conventional, than revolutionary. And they come to see the Labour Party leaders as betraying principles which in fact the party as a whole has never espoused, or never for long.

Critics of the Labour Party from its right make the same mistake for different reasons. Their fear of the extreme left makes them alarmist about its strength and activities. More important, their ignorance of the Labour Party's history conceals from them the realization that the present situation is the normal one. There is nothing new about it, and nothing in it to be frightened about.

The most famous of all the planned attempts to infiltrate the Labour Party from its outside left happened a full half-century ago. The Communist Party of Great Britain, soon after its foundation in 1920, launched an organized but secret campaign to capture constituency Labour parties on a large scale.

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The author is Labour MP for Waltham Forest, Leyton.

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Questions that must be answered before we can embark on a new political course

The first of three articles in which Jo Grimond, MP, former leader of the Liberal Party, looks at the state of the nation

Here are a few questions I would like answered at the party conferences:

First, some I would ask all parties and factions. Would you support a national minimum income instead of the present cuts in allowances, etc?

Do you think that the £6 limit is only valuable as showing some determination to tackle inflation? Ultimately, do we have a permanent income policy or what?

Do you think £6 a week all round is insane?

Do you think we must always keep unemployment everywhere under 2 per cent?

Do you believe that free wage bargaining is a myth in the public sector?

Do you think western Europe should undertake its own defence?

Do you think that if the "underdeveloped" countries want economic growth they should study Japan rather than Russia?

Do you think that the "right to strike" might be curtailed?

Secondly, as their conference comes first, to the Liberal Party: What are your immediate aims for exercising political power? You are committed to electoral reform—are you committed to coalition government? You have pressed for an incomes policy; is it for all time? By statute? By fiscal penalties?

Do you think community policies only means taking up grievances or have you a more positive view? As most people seem to be content to have their lives run for them if they are offered enough by way of

pay and perks, have you any new thoughts on participation?

Thirdly, to the Labour moderates or social democrats: Do you still hold the Gaitskill-Kennedy view that the political system is all right if run by Harvard-Oxford mandarins guided by Galbraith?

You believe in the mixed economy. Where do government control and nationalization stop? At every general election the Labour manifesto pushes the public sector further (and makes the private more unworkable) and if there is a Labour Government you accept the subsequent legislation—where does it stop?

Do shareholders have any part to play in the economy, if so what? Would you contemplate any curbs on trades unions' power—or at least less dependence by the Labour Party on union leaders?

Are you prepared to go indefinitely down the road of higher wages and taxes leading to bankruptcies, leading to demands for subsidies from the taxpayer, leading to government control? If not bearing British Leyland in mind, where do you stop?

What do you think is the maximum the public authorities should take in taxation and resources?

What proposals have you for running the mixed economy (and particularly the nationalized industries) more efficiently?

Do you think that the closed shop should be compulsory in all businesses—if not, where is the line drawn? What about compulsory education, and particularly, universities?

Do you think that private enterprise should be allowed to make and keep sufficient profits to enable it to keep up to date, expand and distribute dividends which at least keep up with inflation? Or do you believe



Lord Chalfont

Russia's growing threat: the evidence is overwhelming

It is not too extreme to suggest that in the great arc from Portugal to Turkey, a fundamental shift in the global balance of power may be happening

State of western security could do worse than spend a depressing half hour with the latest publication of the Institute for the Study of Conflict, which analyses with great perception the progressive disintegration of NATO's southern flank. It is not too extreme to suggest that here, in the great arc from Portugal to Turkey, a fundamental, and possibly irreversible shift in the global balance of power may be taking place.

In Portugal, the immediate political issue is yet to be resolved; the possibility of a communist victory still cannot be entirely ruled out, and no-one should be in any doubt this location under two experienced KGB officers, whose official titles are Counsellor and First Secretary. If communism eventually comes to Portugal, let no-one be deceived—it will be Soviet Communism, subject to the Brezhnev doctrine, and it will be an integral part of the "world socialist system".

In Italy, the problem, although of a different kind, has equally profound strategic implications. Here the Communist Party has made sweeping gains in local elections and has now to be regarded seriously as a possible party of

profit, do you decide what to invest in and what to make? If you govern by direction and payments in kind, you then accept the communist system?

Are the only difference between you and the communists a question of time and a refusal to seize power by force? If not, what is the difference in the sort of society you ultimately want to achieve?

Do you accept that every time Labour gets office and enacts further bureaucratic measures, the economy will get less able to maintain them, there will be no means other than government direction of assessing wages and we shall have to accept direction of labour, rationing and restraints on movements abroad, as well of course ultimately as the abolition of private property?

Before I reach the Tories I should like to ask some questions of all non-socialists:

Would you place the greatest importance on the increase in the production of goods for which people are prepared to pay an economic price?

Do you think it would be possible to charge a better economic cost of some public services (eg housing) and to require others (eg electricity generation and distribution) to raise their capital on the open market?

Do you think it possible to win a general election without offering more legislation which can only mean more government?

Do you believe that we could run our economy by a more automatic control of money, or some variation of the gold or other standards?

Do you think it possible to make an estimate of the growth in the GNP and establish some agreement about sharing it out?

Do you think that freedom will best be safeguarded by a

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further extension of Ombudsman or a —or by a reduction in the number of Ministers?

What is your view of opportunity in ownership and in free competition? Do you accept that the inequality of income? Or do you accept, by action, eg, penal

From the Tories: Do you accept a more electoral system unchanged? Have you at highly inflationary growth of Mr B what takes its place policy?

Does conservatism accept you accept what exact and do not it?

Would you anything? Would any commission? Would you Rev Ministry Land Bill the BNO?

Do you think it would be better to examine how ex is working rather endless new leg

What is your lead—would you regions?

I do not expect to these questions were for we might have about where we

We might even, alignment of pa wrong with our lack of political can only be g we have decided on the sort i want. At press system does not such aim.

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At 74 all Sam owns is two chairs

He's got one room, up four flights of stairs from the street. There's a bed, wardrobe, chest of drawers and two chairs. Sam owns the chairs. On the tiny landing there's an old gas cooker and sink. Two other men use these also.

Help the Aged's flats for needy old people are well known. Less well known is its increasing help by providing Day Centres and other services to combat soul destroying loneliness.

If you have something to be thankful for, please join in bringing joy into an empty life.

What finer legacy can you leave than care and friendship for needy old people. Find out how action now can achieve remarkable benefits. Write to address below for further information.

Commemorate someone dear to you now

£150 inscribes a loved name on the Founders' Plaque of a new Day Centre, and helps lonely old people find friendship, help and new interests.

£100 names a hospital bed in Africa or Asia, to benefit old people for generations to come.

Every day matters to old people in need. Please send your gift as quickly as possible to:

Hon. Treasurer, the Rt. Hon. Lord Maybray-King, Help the Aged, Room T3, 8 Denman Street, London W1A 2AP.

* If you would like your gift used for a special purpose please let us know.

The Times Diary

How to stay clean though mean

so much by thrift as by aesthetic considerations. A ball made of ends of different coloured soaps, I was told many times, gives a pleasing marbled effect. Some would be thrilled by it that they would not for their family use the soap ball at all, keeping it merely to look at.

An army officer from Hertfordshire had an awe-inspiring military approach: "At home it is the only economy I can myself control," he wrote. "As each bathroom cake nears its end, I withdraw it for my own toilet." He was using it until it is a thin, oval silver, which he attaches to the existing ball and wraps in a flannel to assist adhesion. It is now the size of a cricket ball, but he hopes it will grow to football size.

Many readers recalled that a kind of wire cage for soap ends used to be marketed. When swished in washing-up water it would have the effect of infusing it with soap. The device has been recommended by detergents and nobody knows whether any are still available. Others tell how they make little bags out of old flannels or foam rubber, put the soap into them, and have ready-soaped flannels that by soaking the soap you are possibly wasting as much as you are saving by sucking the old piece out.

The same method of bath soaking was recommended by most of the soap-ball enthusiasts, but these seemed motivated not

Earlier this year I printed a report that, since the ambassador for the United Arab Emirates had bought the castle, many rare plants had been allowed to die.

Mr. reporter found yesterday that some horticultural care was still being devoted to the grounds, albeit by a depleted staff. A public-relations woman working with the firm who are now restoring and redecorating the Palladian building said it took two men several days a week just to keep the lawns and verges mown.

The herbaceous borders showed relatively few flowers (some golden rod, helianthus and other plants were defying the weather nobly) but had evidently been recently hoed. Down the rose walk, Miss Robinson, Scarlet Queen Elizabeth, Berg and Massagrade were still in bloom, but many bushes had uncut seed heads around them. Four young acacia trees across the front of the house had blown loose of their posts and were barking themselves against their intended supports.

Some of the locals were disappointed to find the market rose garden securely locked, and notices saying "Not beyond this point" at both entrances to the untidy rose garden around the aviary. There were cries of relief, however, when it was seen that birds were still alive and well inside the cage.

At the gate a notice warned that guard dogs were patrolling, and another requested that no cameras be used. "It's dreadful, really," said one local, "There's nothing here compared with what it used to be like."

Others thought it was lucky that so fine a property had fallen into the hands of an Arab with the money to maintain it. (Extensive ravages of death

watch, beetle had been discovered behind the famous painted ceiling and that is now being put right).

Horticulturalists' principal complaint about the new owner's treatment of Mereworth was that he immediately shut off the heating in the glasshouses, leaving the nurseries in a cold, arctic and tropical plant life in the rigours of an English spring. The glasshouses, visible across the road behind locked gates and high walls, were another part of the grounds not on view yesterday, and the public reporter would be bitten by Alsatian dogs if he ventured to visit them. "I know what security is like round here," she growled.

Further rumours have attacked the Government's anti-inflation pamphlet. Following my report last week of the unreliability of part of one pamphlet, and the spilling of Harold Wilson's picture, a Surrey writer sends me his copy, which is entirely correct, pages 1, 4, 5, 8, 9 and 12 and, most disappointingly, contains no picture of Wilson at all.

Damp tombs

The Friends of Highgate Cemetery are a vehement, well-informed and hardy group. Yesterday even the chill and rain did not deter about 200 of them from turning up for an open day at the cemetery. They wore waterproof hats, coats and wellingtons and contrasted vividly with nine coachloads of impassive, neatly dressed Russians who were arriving for a brief look at the tomb in the adjacent cemetery. The old cemetery was closed

VETERAN PARKING PATIENTS

Today's sign was in Gillingham, Dorset, Flashman of Pinch

At Easter after a vandalism, the Ros Frederick Tennant, a famous bones of the cemetery, set c lovingly landscaped kinds of flora, and last century was place for a family. The Friends of the cemetery, for th months groups parties have been every Saturday to brambles.

Yesterday all kin turned up for open with a waterproof was looking for th E. Robinson, Chum, Ling, So, magician who had impersonated, at the George Eliot Fell come to keep an tomb. A young w because she liked th attitude to death vulgar and aesth much better than o

Last week's Glin Echn reports plee Cheltenham's en health committee arrangements for nervous people brought up to scro

In July the kingdom embarked on what Paul Martin, our Middle East Correspondent, describes as 'probably the most ambitious development programme that any government has undertaken'. This Special Report examines Saudi plans for spending more than £60,000m on development over the next five years and looks at the state of the nation under its new sovereign, King Khalid

Saudi Arabia

Never outsiders express awe at the smoothness of transition of power in Arabia after King Faisal's assassination. Saudi to draw the American led. "When President Kennedy was murdered we not say that the United States was an unstable country is an off-hand remark. fact, Saudis were less sure about the political power of King Faisal. As in the capitals of the West the prospect of a chilling element of unknown at a time when a least welcome.

Apply, the dismal and doom-laden forecasts of unfounded. There is no internal power struggle; no Libyans or Egyptians came to the National confidence not shaken and hardly the death of the man guided Saudi Arabia for more than a decade been named when his successor, King Khalid, was named.

in these early hours, those who had pondered the fate of the Saudi monarchy for so long probed in the late monarch's study. Prince Fahd, the son of King Faisal, took practical form.

For Saudi Arabia had long since ceased to be simply a kingdom endowed with oil. Its problems were no longer those of a decade, propelling a backward society into the twentieth century, but were intricately tied to those of the industrialized West. Oil, which had once caused Saudi regional dominance, had given Saudi Arabia a buying power undreamt of and a voice in international affairs.



Old boats and new buildings on the beach at Jiddah, gateway to the outside world. Right: cadets of Saudi Arabian airlines prepare to pass their examinations with flying colours.



intend to accelerate the process of nation building started by King Faisal. Within the first quarter of their administration Saudi Arabia embarked upon what is probably the most ambitious development programme that any government has undertaken.

The programme, for which £60,000m has been earmarked over the next five years, will transform the kingdom. So ambitious is the programme that the Government has set itself that even the most optimistic among the planners do not expect that it will be possible to fulfil much more than 60 per cent of the projects on the drawing board.

An indication of what it will mean is the plan for the coming year with more than 530 new schools, 103 new hospitals, 4,853km of new roads and two new universities. So determined is the regime to improve the lot of all Saudis that £100m is being spent to subsidize foodstuffs alone.

In all respects, Saudi Arabia continues to be larger than life to the outside observer. This is the case even in the most basic figures. For instance, oil revenues for the year just past exceeded £11,000m.

This was 420 per cent higher than the figure for the previous year. As well as the very real national benefits it will create, the month development plan about to be launched is an example of the Saudis' battle to put their fabulous wealth to good use.

Many of the older and more conservative members of the Royal Family (and indeed some of the young Saudi economists) argue that the kingdom should cut back its oil production from the present level to as little as three million barrels a day. This, they argue, would make for harmonious development. But the new men at the helm undoubtedly believe that no more time can be wasted, especially while the present political climate lasts.

Paul Martin

the world's leading oil producer in the same way as before. To its friends, all this was comforting to say the least. If the pendulum had swung the other way, the repercussions would surely have been felt farther afield than the Middle East. A measure of the anxiety felt in those tense hours after the assassination of King Faisal was the offer of President Sadat of Egypt to send troops to the kingdom.

For Saudi Arabia had long since ceased to be simply a kingdom endowed with oil. Its problems were no longer those of a decade, propelling a backward society into the twentieth century, but were intricately tied to those of the industrialized West. Oil, which had once caused Saudi regional dominance, had given Saudi Arabia a buying power undreamt of and a voice in international affairs.

Much as this monopoly of power is one of the chief criticisms of the present order in Saudi Arabia, it is to the credit of the family that

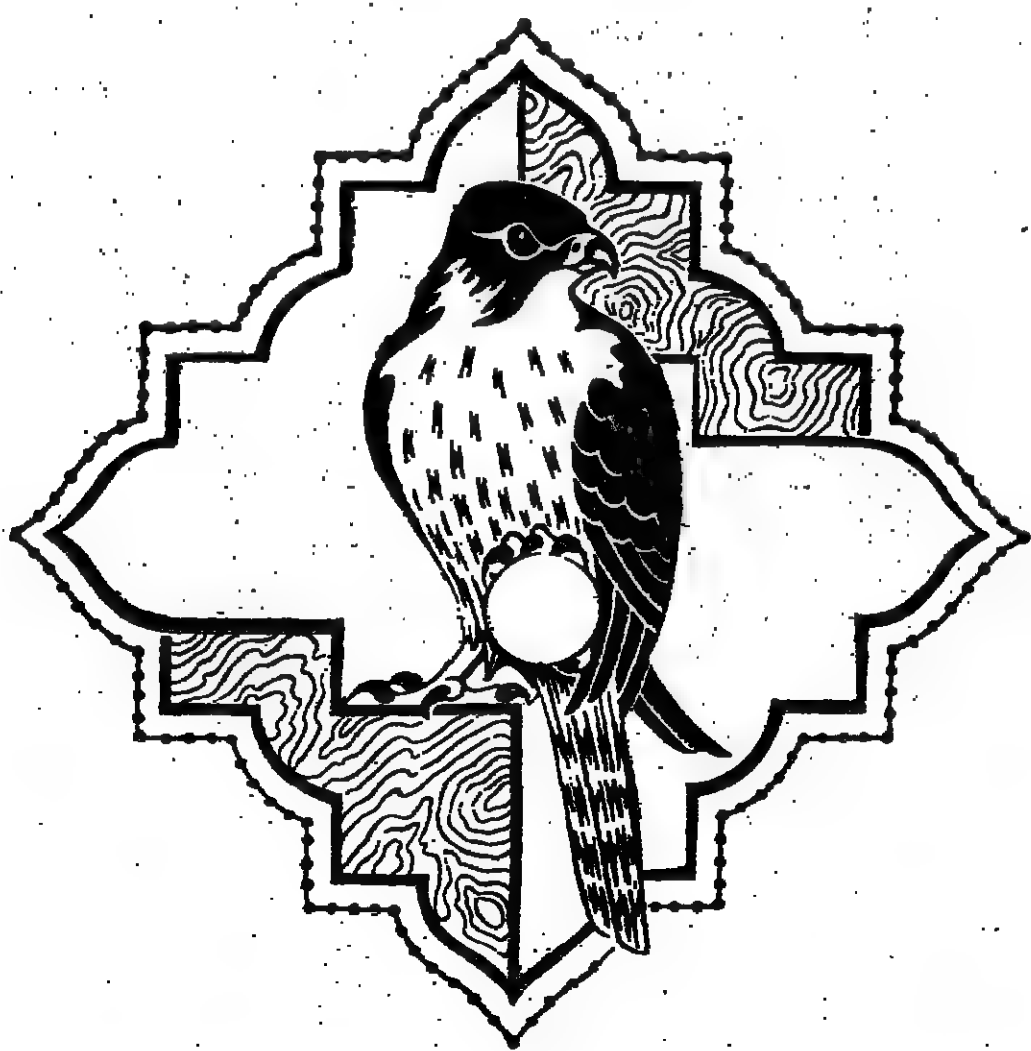
the affairs of state had already been delegated to him, and he was a familiar figure in world capitals. However, in choosing King Khalid, the Crown Prince and rightful successor, the family ensured that continuity was preserved. The decision was prudent for other reasons as well. Prince Fahd heads a formidable group in the family who have the distinction of being the sons of Hassa Bint Ahmad Al Sudairi, that most important wife of Abdul Aziz.

In addition to Prince Fahd, now the powerful Crown Prince, first Deputy Prime Minister and Minister of the Interior, the other Sudairys in the top level of the administration are Prince Sultan, the Minister for Defence and Air, Prince Turki, Deputy Defence Minister, Prince Nayef, Minister of State for Internal Affairs, Prince Salman, the Emir of Riyadh, and Prince Ahmad, the Deputy Emir of Mecca.

It is not unnatural that such a line-up has raised serious questions about the ambitions of the Sudairys—not least among other branches of the family who may well see themselves being squeezed out. This inter-family rivalry, an understandable phenomenon in an institution so vast, was long considered a potential weak point in the regime's fabric. This was particularly so, it was felt, in the absence of the judicial hand of King Faisal. However, so far it has not surfaced and all indications are that a spirit of compromise prevails in the interests of national harmony.

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Aviation; Defence
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Total revenue committed to development over next five years

by Peter Hobday

Saudi Arabia is a country in a hurry. In a race against what the Saudis themselves like to think are fast disappearing oil reserves, there is a tremendous pressure to build up the nation's economy and achieve in five or 10 years what other nations would expect to achieve in 50 years or more.

The Saudis are rather like a small family who have lived in a tiny caravan all their lives. Suddenly they have inherited an income of £1m a year. But before they could come to terms with that pleasant surprise they next discover that that income might be increased to £5m or even £10m a year—the value of oil having shot up dramatically. Every time they plan to spend some of their money they discover they have more to spend.

Some countries now on the breadline would dearly love to have such a problem. However, as the Saudis have quickly discovered, money does not solve everything. If production levels of about five million to six million barrels are maintained, the Saudis expect to have an income of the order of £11.350m. The expenditure envisaged in the new five-year plan is about £63,500m. In other words, if everything goes according to schedule, the kingdom has committed all its revenues to development over the next five years.

Rightly, many would argue, Sheikh Hisham Nazir, the

Minister of Planning, resisted pressure to base his calculations on a hoped-for eight million barrels a day. He correctly concluded that demand would fall with the higher price, encouraged by energy conservation programmes in the consuming world, and a slowing-down in world economic activity.

Much better, he reasoned, to take a lower level and work on the basis of that. Even so, spending £63,500m in five years does mean that some of the worries about recycling the petro-wealth have abated since that will mean that the money to pay for the oil will soon go back to the West in the shape of contracts for equipment.

The problem that remains is who will get most of it? Since there is no intention of spending with consuming nations in proportion to their consumption of Saudi oil, it will mean that some will do better than others.

Here is a society in transition; a still undeclared number of the population are wandering Beduin who stubbornly refuse to leave their dark tents for the air-conditioned wonders of the burgeoning cities. With still too great a proportion of the population that has been urbanised still not literate, the 1975-80 plan puts the main emphasis on education. The number of schools is to be increased from 3,335 to 5,318 and the number of students doubled from 791,000 to nearly 1,500,000.

College students, now numbering 14,500, will be increased to 49,000. The aim is to provide the nation with 25,000 university graduates by 1980. Education will be free, and at the same time any student who wins a scholarship to a foreign university will have all his expenses paid.

One of the successes of the Saudi education system has been the response of students who study abroad. Unlike students of other countries who travel to study and do not return most, if not all, Saudi students come home once they have completed their studies.

A problem in this part of the plan is the heavy reliance on foreign teachers. Up to 80 per cent of the staff in some institutions are foreign and work to short contracts. The risk is that the quality of education may suffer through lack of continuity.

A further complication is the status of women in a devoutly Islamic society. Schools and colleges for women are separate institutions—although some small concessions are made in the universities where men lecturers can teach women students by means of closed circuit television.

It also means that many Saudis are committed to teaching members of their own sex. The only other profession open to a woman is to become a doctor in women's hospital. It will create a wasteful parallel society in a country which

is chronically short of skilled people anyway.

Education is but one part of the wholesale transformation of the country. Another aim is to provide 28 doctors for each 10,000 of the population—that is well over double the ratio in the United Kingdom. Hospitals will be built to provide 11,400 beds. To provide specialised medical facilities the number of clinics will be more than doubled to 452.

But here, as in education, the strain on manpower resources in the kingdom and on recruitment agencies outside is immense. To provide 28 doctors for 10,000 Saudis the number of doctors has to be increased from 1,900 to well over 4,000. Already a large proportion of the Saudi medical fraternity comes from abroad, especially from Egypt.

To provide for a better educated and healthier population, the plan also envisages building 270,000 housing units between now and 1980, though about 340,000 are needed. At the same time there will be a concentration of efforts in building the municipalities: nearly 500,000 homes will be connected with main drainage; over 2,000 kilometres of streets will be provided with permanent asphalt and lighting and another 7,000 kilometres given temporary lighting and surfacing.

Now that the car is becoming as commonplace as the camel used to be, the plan

includes six and a half square kilometres of parking space. Given the scope of the plan it is easy to understand why there has been so much discussion between the various ministries in the kingdom.

It is also indicative of the role that central government plays in this land which is huge in mass but whose population probably numbers no more than five million or six million. A census has been carried out but no details have been released, though the Government likes to quote a figure of at least eight million.

Now all or any of these plans would be more than enough to keep any country busy, but they pale into insignificance beside the aims of the industrial part of the five-year projection. Here Saudi Arabia is thinking really big.

Though sometimes there is a gap between ambition and reality according to a survey by the First National City Bank there have been 250 proposals for investment in hydrocarbon-related projects by companies of the developed nations, valued at nearly £22,700m. Yet, as a *Financial Times* report on Middle East spending and investment patterns pointed out in May, the only major downstream petroleum project which has been formally agreed was an ethylene plant costing £545m excluding tankers.

On the other hand Petro-

min has endorsed a £6,000m spending programme which includes oil and gas transport, refinery, petrochemical and fertilizer plants and a three-million-tonne steel complex. The plan, according to Sheikh Hisham Nazir, speaking at a press conference after its approval at the end of May, aims to achieve the highest degree of exploitation of the country's natural resources of petroleum, mineral and gas.

This last item is interesting as anyone who has driven across the oilfields to Dhahran knows, massive amounts of gas are flared day after day. The hope is to harness the flared gas as a feedstock for fertilizer plants, an ethylene plant and two major industrial plants.

The plan, which some people question, is to build a pipeline from the Gulf to the Red Sea as well as a pipeline for oil. The pipeline will, it is hoped, make it possible to create two major industrial centres: the first in Jubayl in the east and the second at Yanbu in the west. Jubayl will have the following industries: gas collection, steel production, aluminium plant, two refineries for the export of petroleum products, and three petrochemical complexes.

There will also be two ammonia plants, grain silos and a cement factory set up in Dammam. In Yanbu, there will be much the same sort of complex. The creation of these two main industrial centres, and outline plans for other smaller centres round

the country, demand a dramatic improvement in the nation's communication network and the ports and airfields. There are plans to spend £1,270m on ports alone, another £385m will be spent on telecommunications.

As if all this was not enough, the country intends to become more or less self-sufficient in wheat and grain. A "green revolution" is planned which calls for massive investment in a desalination plant which will boost output to more than 150 million gallons of water a day.

Obviously, the nation is determined to push ahead as fast as it can—and Sheikh Hisham Nazir is used to sceptical observers questioning whether the Saudis are running before they can walk. It has been suggested that the number of foreign technicians and advisers needed to see the country through the initial phase could go as high as 500,000.

At the moment much of the basic hard work, the drudgery of sweating it out building the factories, the roads, towns and hospitals is done by a growing labour force brought in from the Yemen. As many as two million Yemenis may now be working in Saudi Arabia. Saudi officials say they do not want to get into the position of Kuwait, where foreigners outnumber the nationals and there is a growing concern at the sheer numbers needed to turn this ambitious plan into reality.

At the same time there are bound to be pressures on the very nature of Saudi society itself given such a rate of progress and the sort of transformation that is expected. At the moment the people are content with the quiet lives they lead without cinemas, nightclubs, or alcohol.



Saudi grilling sweetcorns in where the Queen's building is a new centre to the commercial and banking centre of the nation's chief

bound to be pressures on the very nature of Saudi society itself given such a rate of progress and the sort of transformation that is expected. At the moment the people are content with the quiet lives they lead without cinemas, nightclubs, or alcohol.

Daily prayers are observed, and the position of women is not questioned to any significant degree. Most Saudis, even the more conservative, still cling to their heritage. Possible desert landscape the success of the five-year plan will be a landmark in the nation's history.

Peter Hobday, editor of *The* magazine, visited Saudi.

The man who plans to build 8,500 miles of new roads by 1980

For a long time the man most closely identified with Saudi Arabia on the international circuit was Sheikh Ahmed Zaki Yamani. During the period of initial shock when the price of oil was quadrupled it was he who travelled from capital to capital patiently explaining the Arab view in general and the Saudi view in particular. Now another man is emerging as the main Saudi spokesman overseas, and he is equally engaging, charming and well briefed. Sheikh Hisham Nazir used to work in Sheikh Yamani's ministry, but now, as Minister for Central Planning, he is, as some newspapers have said, "the man with £60,000m to spend".

It is his ministry that has been working on the five-year plans to pull Saudi Arabia out of the desert and into not just the twentieth century but into the twenty-first.

The first plan, covering 1970 to 1975, began well but was not without its disappointments. The new one, which started officially in July, is vast but Sheikh Hisham Nazir takes a realistic view of the likelihood of all its aims being fulfilled to the letter.

He works in one of the new buildings which give Riyadh the appearance of a city lingering uneasily

between the past and the future—with one or two mud brick buildings still nestling awkwardly beside some beautiful new architecture.

The Ministry for Central Planning is functional and not as grandiose as some of the others along the airport road. It stands rather apart from the rest, as if it wants to keep its distance and be allowed to get on with the job of weighing the efforts of each to get as much of the oil wealth as possible.

In his office, which doubles as a conference room, on the first floor Sheikh Hisham Nazir spends most of his day listening to

visiting delegations from various parts of the world. To visiting newsmen he is welcoming and as adept as all his countrymen at holding at least three conversations at once without losing the thread of any. Secretaries whisper messages in his ear, old friends or colleagues come in and shake his hand. At the same time he deals with the endless stream of questions: "Will you really be able to build 8,500 miles of new roads in the next five years?" "Surely by going into the petrochemical business in such a big way you will flood the market and drive down the price?"

The answers come quietly.

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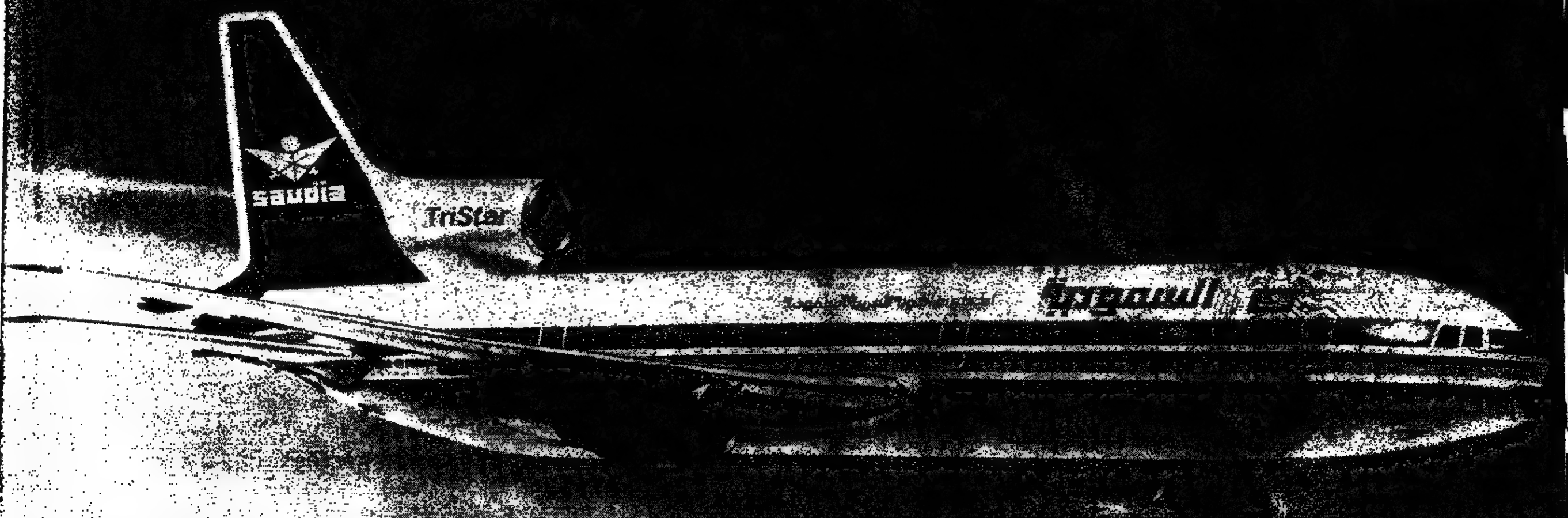
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Demand for skilled workers exceeds supply

by Atique Ahmad

Estimated 500,000 foreign technicians, managers, teachers and workers will be required to carry out Saudi Arabia's five-year development plan. The country's lack of a skilled and semi-skilled work force is the most limiting factor in its economy. In this rich, sparsely populated (four million) desert country, the lack of half a million workers will raise the work force by 31 per cent to 2,300,000.

Demand for unskilled manpower at the end of the first year was 304,000, while the available manpower was 100,000. By the end of the second year, demand will rise to 446,000 and available manpower will be 296,000. For skilled labour the demand will rise from 1,218,000 to 1,865,000, while available manpower increases from 900,000 to 1,000,000.

With serious labour shortages and social problems as a result, foreign observers give the plan little chance of fulfilment by its deadline in 1980. Compared to a crash industrialisation programme, planners increasingly admit that projects will not be held back by traditional inhibition of expatriates abroad.

In the world labour market today, the demand for skilled and semi-skilled workers is fast exceeding the supply. It seems that the current economic retrenchment has not affected the labour situation in industrial countries. Iran needs 1,000 foreign workers before its \$65,000m development plan ends in 1978. It wants 600,000 workers in Turkey alone. Algeria's employment plan will need 1,000 workers a year from 1978.

Despite the growing unemployment, some European countries have privately decided to hoard and in some cases replenish their immigrant population. A senior man official confided: "Anyone in business knows that the talk of repatriation of guestworkers was merely a political move to reassure public opinion." These governments see that foreign



Blind man weaving at the school for the blind, Riyadh.

workers are necessary for their own economic well-being.

The Saudi Arabian Government is considering several ways to solve the problem of manpower procurement. One plan is to recruit workers through an international firm of labour consultants. In addition, major contractors will be allowed to import the bulk of their workforce under package deals. According to a Saudi economic planner, the immigrants will not be allowed to bring their families with them and will rotate rapidly. Preference will be given to Arabic-speaking Muslim workers.

At the same time, measures are being taken to improve the labour situation from their own human resources. Saudi Arabia has recently banned contraceptives and Saudis are urged to reject birth control. Efforts are also being made to resettle Beduin around the industrial areas. Plans for their integration will help them to merge into the national community and enable them to take part in its activities and development programmes.

Saudis see an answer to their acute labour shortage

problem in the growing unemployment among foreign workers. Dr Fayaz Bader, vice-president of the planning organization, said it was hoped to draw Saudi's required foreign workers from nationals of Algeria and Morocco who have acquired skills in European countries. Both are Arabic-speaking Muslim countries. Saudis are also considering recruitment of Turkish and other Muslim workers with experience in European industries.

Trained manpower from Korea

Saudis might face difficulties in getting workers from European industries. European economic observers believe that the recession these days is not like the old recession. Despite post-war record level of unemployment in present-day Europe, the immigrant workers do not return to their countries.

In addition to India and Pakistan, Saudis are also looking towards the Far East to feed their appetite of skilled and semi-skilled help. Park Chong-Hoon, the organizer of a 110-member Korea-Saudi Arabia Economic Council, believes that Korea will actively partici-

pate in Saudi Arabia's development plan by supplying commodities and trained manpower.

Some 600 Koreans are employed in Saudi Arabia. Saudis are reported to have been astonished by the performance of Korean construction workers who are prepared to toil around the clock. Being Arabic-speaking Muslims, Palestinians are also a potential source of labour. However, the Saudis are reluctant to draw on the big pool of unemployed Palestinians, fearing they are politically too radical.

An obvious move to help the Saudi shortage of human resources would be to let women take up some of the jobs men do. In Saudi Arabia, it is maintained that strict adherence to Koranic decrees prevents women from working in industry and government. With the broadening of the social horizon, the role of women in Saudi Arabia is likely to change. However, it will take a long time to prepare women psychologically and educate them technically before they become a suitable labour force.

Saudi Arabia's own nationals who are working and living abroad are also worth consideration. Its record in this respect is far better than any other Middle Eastern country. Most of the

Saudis who go abroad to study come back promptly and voluntarily. However, some 3,500 Saudi doctors, engineers and other specialists are reported to be living and working in Europe.

The social and political problems of having such a large number of immigrants are daunting. First, there is a danger of infiltration by political extremists, which Saudis fear most.

Second, such a vast population of workers living without their families might breed discontent and friction. The British race relations experience shows that a stable family-based immigrant population is less likely to lead to racial unrest than a male-dominated rotating one.

Third, Saudis are planning to cluster some of the foreign workers in enclaves away from the cities. The foreigners will live in their segregated communities like the 5,000 Americans living in the American style oil company town in Dhahran.

The history of the East India Company and other former colonial powers suggests that there is a danger that these enclaves of foreigners could one day lead to the formation of political entities, which could then be used to cause political embarrassment or for military adventures.

Role remains central and stable

by Michael Binyon

The death of King Faisal, far from producing an upheaval in Saudi foreign policy, seems to have emphasized to his successor King Khalid the wisdom of his brother's conservative and cautious approach to fellow Arab states and the rest of the world.

The increasingly central role which Saudi Arabia, under King Faisal, began to play in the formulation of Arab and Islamic policies may perhaps be less obvious now that the familiar face has disappeared from the world's press; King Khalid has yet to impress his personality on foreign statesmen.

Nevertheless the outlines of Saudi foreign policy remain the same: distrust of communism and the Soviet Union; friendship with the United States and the West; support for Islamic movements throughout the world, particularly in Africa; co-operation with all Arab states on Saudi Arabia's periphery, coupled with an attempt to isolate the rebellion in Dhofar and the leftist influence emanating from South Yemen; and, most important, a close and vital alliance with Egypt, supporting Cairo's diplomatic moves to reach a settlement with Israel.

The last point has become more and more central to Saudi policy. Although not one of the "confrontation" states bordering on Israel, Saudi Arabia has always felt a special responsibility as the guardian of Islam: King Faisal's unfulfilled wish was to be able to pray in Jerusalem before he died, and the restoration of Arab sovereignty over part of the Holy City is as much a Saudi preoccupation as a Palestinian one. Riyadh therefore has always been the one capital of a country not bordering Israel that Dr Kissinger has visited on his shuttles to the Middle East.

King Khalid has continued and strengthened the understanding—albeit too formal a word—between Saudi Arabia and Egypt. That has been backed by frequent consultations between the two countries, and an official visit by the King to Egypt two

months ago. Economic aid to Egypt has continued as before, and Saudi Arabia has been the main backer of a scheme to set up an Arab armaments industry with Saudi and Gulf money in Egypt.

In return, President Sadat has been assiduous in consulting King Khalid over important diplomatic initiatives; and there are strong indications that the President's present hard line with the Russians has received considerable encouragement from Riyadh. Rumours have it that it was an essential *quid pro quo* for Saudi economic aid.

Country with leverage

Indeed Saudi support for the interim agreement with Israel has been a principal factor in inducing Syria not to raise too many objections to the Kissinger mission, Syria, as much as any Arab state, knows that whatever its ideological differences with Saudi Arabia, it cannot afford to ignore the policy of the country that has the greatest economic and political leverage on the United States and Europe.

Saudi Arabia's predominance within the Arab world is not immediately apparent. Foreign policy is based on the unflamboyant principle of conciliation, unity and solidarity. As Crown Prince Fahd said in a policy statement at the beginning of April: "The Arabs have to unite and never split, so as to protect themselves and their future from the dangers threatening them on religious or political and sectarian levels."

Saudi Arabia, unlike Libya or Iraq, rarely indulges in polemics, its influence is used extensively to heal rather than open splits in Arab ranks. A recent example has been Saudi intervention in the sudden and bitter quarrel between Iraq and Syria over the division of the Euphrates waters. In keeping with the discreet style of Saudi government, Saudi disagreements with fellow Arab states are never publicly voiced.

The country's main concern has always been to pacify the sometimes turbulent fringes of the Arabian peninsula. It was only recently that a long-standing

disagreement with Oman and the United Arab Emirates, into which Britain had been drawn, over the division of the strategic Buraimi oasis, was resolved. Last autumn King Faisal used the occasion of a routine industrial inauguration in Bahrain to gather together rulers of the eastern coastline in a "mini-summit" to coordinate regional policy, and set up a structure to avoid future regional clashes.

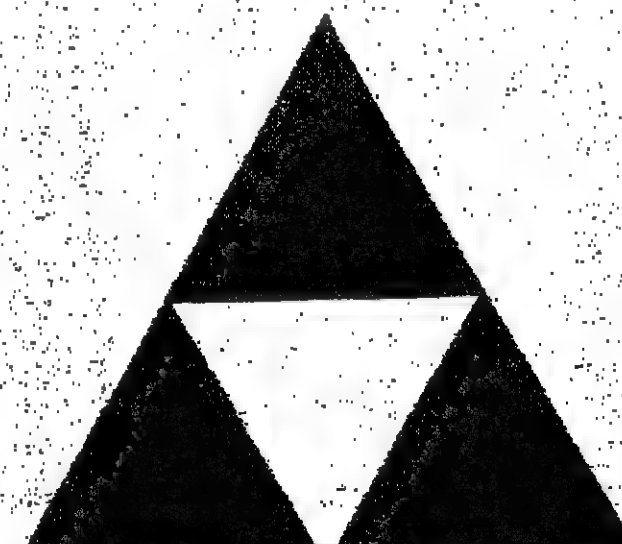
The civil war in North Yemen profoundly influenced Saudi Arabia's outlook and Saudi Arabia this time has been careful not to be drawn too deeply into the conflict raging in western Oman. Instead the Government has tried in indirect ways to influence the Marxist regime in Aden, the leading backers of the Dhofar rebels. Stability on the peninsula and around the Gulf has become a cardinal feature of Saudi policy, and the massive arms purchases of recent years are primarily to deter any would-be disturber of the present fragile balance.

In that respect the recent rapprochement between Iran and Iraq and the less threatening posture of Iran towards its Arab neighbours have been greeted with profound relief within the Saudi court.

Aid to Muslim nations

In a wider area Saudi Arabia has used its influence to promote the growing feeling of Islamic solidarity and has been one of the most generous contributors to aid projects in Muslim countries. It was recently particularly important, therefore, that those who overthrew the government of Sheikh Mujibur Rahman in Bangladesh were recognized by Riyadh. "We believe that if the Muslim people achieved the principle of fraternity, co-operation and progress, the gains achieved will not be restricted to Muslims only but will extend to all other nations of the Third World against a Western and United States' policies in some areas."

Nevertheless the continued dependence of Saudi Arabia on the technology, and particularly the armaments, of the West, on its educational and industrial help, and by the West on Saudi Arabia's vast reserves of oil as well as its lucrative market in a stagnant world economy mean that neither side can afford anything but the cordial relations they now enjoy.



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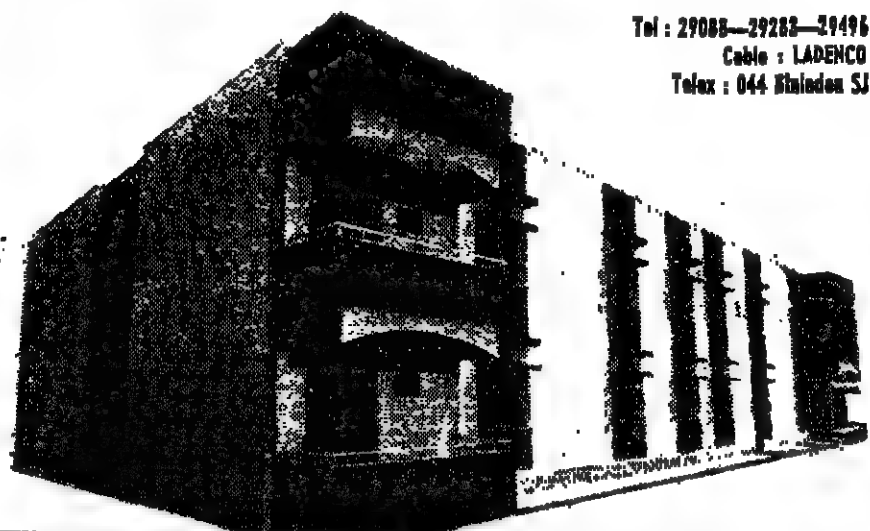
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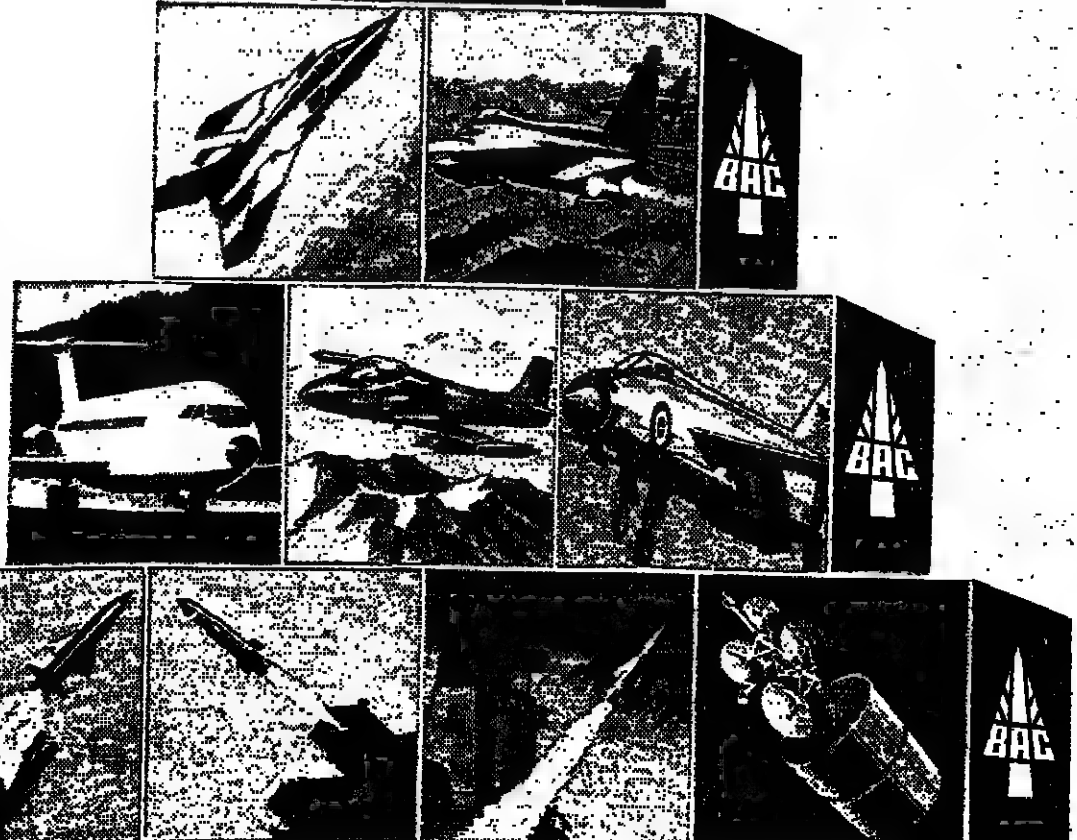
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Patience and partnership the key to opening a market

by Peter Hobday

Patience is more than a virtue in Saudi Arabia. It is a necessity, particularly for the visiting businessman who joins the growing number of bankers, financiers, industrialists and consultants from the developed world who are descending on Jeddah and Riyadh.

The numbers are putting an already overstretched Civil Service under tremendous strain. So the first rule about doing business with the Saudis is: do not be surprised if it takes a little longer to see the right people than you expected.

Before looking at the opportunities for business in Saudi Arabia it is as well to study the ways of doing business. The best way to the top is through a local agent. Under Saudi law only a Saudi national can act as an agent in the country, but it is not too difficult to find someone who is suitable.

The usual places for advice are either one's embassy or one of the local banks in Riyadh or Jeddah. The British Bank of the Middle East has a branch in Jeddah, and the Riyadh Bank is in Riyadh. First National City Bank has branches in Jeddah and Riyadh.

Local partner great help

Falling the banks, one can try Saudi, the state airline, and the Department of Trade and Industry. There is also the Industrial Studies and Development Centre in Riyadh, which is keen to promote new industry and offers help and advice to foreign businessmen.

It is obvious that with a local partner one avoids many of the difficulties of coming to grips with an unusual market, even if it is about the most attractive market in the world.

Saudi Arabia is spending most of its estimated oil revenues of about £11,000m a year on buying everything from bottle tops to complete

petro-chemical plants. Under the Foreign Capital Investment Law of March 1964, "qualified foreign capital has parity of treatment with local enterprise".

There is a five-year tax holiday if there is a minimum of 25 per cent Saudi capital. Foreign investors can get land at nominal rents, and there are duty-free import provisions for machinery, spare parts and raw materials approved for industrial enterprises.

The key, of course, to what is needed is the five-year plan, which provides for state spending of about £63,000m to lessen as quickly as possible the country's dependence on oil. With the initial emphasis on developing service industries, British industry is well placed to win a large share of the contracts that are being offered.

One successful British venture in the development side is the Laing/Wimpey/Alreza consortium. The contract is to build the air defence support programme. With 200 British expatriates, and 2,000 locally employed workers, technicians and managers, there is still about eight years' work left.

Turnover this year will be about £45m. The group is at present working on a Gulf airport runway and on an airport at Abha. Other British firms are also doing well, with Balfour Kilpatrick International doing a great deal of electrical installation work. Haydon International have won a £15m contract to do the electrical work on the new Jeddah airport; and consultants Sir William Halcrow are involved in the new Jeddah seaport and Sir Bruce White and Partners is a new port at Dammam. Expenditure on ports over the next five years is expected to be about £1,250,000.

Britain traditionally does well in heavy engineering and construction, as opposed to consumer products. It also has another advantage in the City of London since the financing of many of these deals and the organization of the consortia calls for the special skills of the Square Mile.

For example, the dollar revenues from oil are split between the accounts of the Saudi Arabian Monetary Agency (SAMA) with Morgan Guaranty and Chase Manhattan in London. That is not only because London is a world financial centre, but also for the very practical reason that there is a nine-hour time difference be-



A cement works in Jeddah. A five-year tax holiday and an economic plan incentives for the industrialization of the country.

tween New York and Riyadh against three or four for London.

But Lloyds and National Westminster also attract some of the country's sterling deposits. Yet even before Saudi Arabia and the other Arab producers became rich the City was a local point of investment advice for the wealthy. All that adds up to a great amount of knowledge about the Gulf and Saudi Arabia, which stands any British businessman wanting to do business there in good stead.

Shakh Hisham Nazir, the Minister for Central Planning, has been to Britain twice this year to talk to the Chancellor of the Exchequer and to initiate talks between

Saudi civil servants and the Treasury and Department of Trade and Industry on how best for British industry to take advantage of the money that is to be spent over the next five years—an estimated £50,000m. He has vouchsafed one piece of advice, and that was that the British should become a little more aggressive in their salesmanship and not hang back waiting for an invitation.

Britain's reputation in certain areas is second to none. The preponderance of British consulting knowledge in agriculture, civil engineering, telecommunications and desalination show that British skills are appreciated. But, as the visitor soon finds,

there is concern about delivery dates, and there has been growing worry over economic trends in Britain which might price the country out of the market or undermine the ability of some firms to deliver what they have promised.

Competition is keen, with Japan and West Germany particularly active. The Americans, through the Aramco connexion, obviously have a head start. The French are coming along strongly as are the Italians, who have built the road from Jeddah to Taif, the summer capital.

Talking to Saudi officials in the various ministries one gets the feeling that the Saudi would prefer to do business at government level

and then leave British Government to rise in private sectors into the groupings to contracts. The main unwillingness on big projects, individual firms.

While the privatisation may not be probable as well Government to well aware that buyer's market.

But with localisation, backing British Government a willingness to, rather than a between Jeddah and working a rewards can be

Banking riches presents difficulties

by David Blake

In terms of its reserves of oil Saudi Arabia is the richest state in the world by a considerable margin, but the emergence of big cash surpluses is a much more recent phenomenon than in the case of Kuwait, the other big surplus country.

As recently as 1970 the country's current account surplus was only \$100m. In 1973, buoyed up by oil revenues which had risen to between \$5,000m and \$6,000m, the surplus was \$2,700m. Last year, as the impact of higher oil prices made itself felt, oil revenues went up to about \$28,000m and the Saudis discovered that they were rich almost beyond comprehension.

The increase in revenue is all the more striking because until recently the country's population of five million had meant far more demands on the Government and on private consumption than in Kuwait, whose population is less than a million. Indeed, the country's belief in free enterprise has often proved a convenience in resisting pressure for a Kuwait-style welfare state for which no money was available.

Throughout most of the 1960s the official reserves stood at about \$600m, a significant improvement on the state of the late 1950s but not a sum requiring great decisions on investment.

In May of this year the reserves totalled \$20,500m, and are well on the way to overtaking those of West Germany as the largest single stock of funds in the hands of any one country. They are managed by the Saudi Arabian Monetary Agency, and as far as can be seen the management is carried out on extremely conservative lines.

Deposit accounts have attractions

Until 1972 the bulk of the money was placed either in government bonds or on deposit with one of nine banks. That was done through the London offices of the Morgan Guaranty Trust Company and Chase Manhattan. Of the nine banks which received deposits five were American, three were British and one, the Algemeine Bank Nederland, was Dutch. That bank's appearance in the list is a legacy of The Netherlands' empire; it set up a branch in Saudi Arabia to serve clients travelling from the Dutch East Indies on pilgrimage to Mecca.

The list was extended in 1972 by another 25 names; even by then the amounts involved were becoming big for only nine banks to handle.

Deposit accounts, like government bonds, have obvious attractions for the deployment of the country's oil revenues. It is always possible to have an exact knowledge of their value—which is satisfactory to people who like to be sure of where they stand—and, in contrast to investment in industry, there are no worries about the performance of management.

However, these attractions for the Saudis cause difficulties for some of the banks. The banks have strict internal rules about how much they are prepared to take in deposits compared with actual assets. During 1974 their caution was reinforced by the spectacular failures of several banks which had adopted more expansionist policies.

Some of the biggest American banks expressed growing worries about the impact of oil money on their balance sheets. The Saudis are keen to keep their money on short-term deposit so that they can reinvest if they wish, but banks must undertake long-term loans.

The difficulties apply ordinarily only to very short-term deposits, but even money lent for terms like the three to five years common in the case of much Saudi deposit money became increasingly hard to place because of the business recession in the west. It was a fear that the private channels for placing the funds of the oil states would not be able to deal with all of them that lay be-

hind the western debate about "recycling".

A number of measures were tried, with at least partial success, to find a solution. In fact in the first place the Saudis seem to have increased their purchases of government securities, thus lending direct to the government sector, which in many western countries is running a huge deficit and needs to borrow heavily.

There were, for example, substantial Saudi purchases of British gilt-edged stock. There have also been a few cases of direct loans to governments and government bodies. It is likely that such loans will increase in the coming years.

However, there is the question of what currency should be used. Until 1972 Saudi Arabia was committed to investing almost exclusively in dollars, apart from the small quantity of funds it received in sterling. These sterling payments are now made in dollars as well.

Saudi Arabia lost heavily during the devaluation of the dollar in 1971, and decided on a diversification of its

holdings. In 1974 their losses, it is carried out that the dollar's dominance world means the like three quarters are still large.

That is political, since the U is the most powerful of the dollar's world markets, currency stability the country's first therefore, in order its holdings be away.

Saudi Arabia to set up offices investment into property in the much riskier than cash deposits given large sums developing countries making big loans well as ploughed more money into industry. That will the more important security in the 1. It makes commonwealth governments to clients in the west

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Saudi Arabia's planning for future growth.

Planning implies the efficient use of a country's resources in accordance with certain rationally-determined priorities for the attainment of nationally-cherished goals. Since goals are culturally, historically and politically orientated, a country's development plan essentially reflects its fundamental values and principles.

The general objectives of economic and social development policy of Saudi Arabia as stated in our Second Development Plan, 1395 A.H. are to:

- Maintain the religious and moral values of Islam.
- Assure the defence and internal security of the Kingdom.
- Maintain a high rate of economic growth by developing economic resources, maximizing earnings from oil over the long-term, and conserving depletable resources.
- Reduce economic dependence on export of crude oil.
- Develop human resources by education, training, and raising standards of health.
- Increase the well-being of all groups within the society and foster social stability under circumstances of rapid social change.
- Develop the physical infrastructure to support achievement of the above goals.

The Development Plan, 1395 A.H., provides for further advance toward the social and economic goals listed above while maintaining the religious and moral values of Islam.

The total cost of our Second Development Plan, The First Development Plan 1390/91 A.H. - 1394/95 A.H. (1970-1975) is SR 498,000 million in 1394/95 A.H. prices, or about nine times the size of the first development plan. Its implementation will require a large increase in foreign workers (about 500,000) and a rapid expansion of construction capacity. Various measures are proposed to improve the capacity of the public and private sectors to implement the programmes and projects in their respective areas of activity:

- 1. To achieve the above objectives, the Central Planning Organization recommended the adoption of a development strategy consisting of three key elements:
 - 1. Diversification of the economic base through emphasis on increasing agricultural and industrial production.
 - 2. Rapid development of the Kingdom's manpower resources.
 - 3. Development of the economic regions of the country by wide distribution of productive investment based on the distinctive physical and human resources of each region, and
- 2. Social programmes applied in accordance with need, thereby extending the benefits of national development to all sectors of the population without removing the incentives to individual effort and achievement.

1. Economic diversification

The first strategic element will lay the foundations of economic self-sufficiency in the future as a precautionary measure against the gradual depletion of oil, which, as the main source of foreign exchange, may decline. Large investments are to be made in industrial plants based on natural gas and mineral resources; and in other industries in other industries will be encouraged with special incentives, credit, and the provision of infrastructure and support services; and agricultural production will be stimulated through government research extension activities, credit and subsidies, and expansion of productive land. The reasons for the attempt to diversify the economy of Saudi Arabia cannot be overstated. In 1970 crude oil production and refined petroleum products accounted for 53% of the GDP, with all other sectors accounting for the remaining 47%. The target for 1975 (end of First Development Plan) was to reduce oil's share to 51%. It is recognized that oil was vulnerable in many ways. It is a depletable resource, must be sold at competitive prices, and is affected by relative market values. It is true that Saudi Arabia has no less than 1 billion barrels in reserves, the largest in the world, with a called-upon production rate of 20 million barrels per day, our reserves will be depleted in 15 years. Obviously, oil is just not a never-ending resource.

Logical course of action for us is to utilize the income from oil to build an economic and social infrastructure capable of sustaining livelihood in the country's future generations. This is precisely what we have aimed to achieve throughout our First Development Plan, and what we will continue to aim for in our Second Development Plan.

2. Manpower development

development of manpower in Saudi Arabia is probably the most important aspect of our planning policy. If the constraints to development, it is the most acute. It is expected that as development continues to accelerate at the current rates, the problem will become more acute. While the situation can be relieved by higher education and training, the problem of the difficulty of training people as much as in some other countries.

Human resources are the country's development. The limit on its manpower in terms of both numbers and skills, in both the government and private sector. A special manpower training organization will be set up to assure efficient implementation of specific training and development programmes. Further, a manpower planning department within the Central Planning Organization will co-ordinate overall development and training of the Saudi and non-Saudi segments of the workforce.

primary source of training for government administration, including industrial management and engineering, is the Institute of Public Administration. Its enrolment will reach over 3,300 in-service trainees, 1,100 pre-service trainees in 1400 A.H., about the present annual number of participants. The current vocational training system will be expanded even more dramatically, with a target enrolment at all levels of skill of about 27,000 in 1400 (including industrial induction and on-the-job training programmes), compared with about 4,000 at beginning of the Plan. A widening variety of special training will be provided within other government departments.

Labour affairs programme of the Ministry of Labour Affairs - covering labour law, employment and services, and information on job categories, wages, and benefits - will expand to 9 new branch offices in its present 25. Procedures will be made efficient, including the processing of foreign work permits.

The expansion of education is one of the proud achievements of Saudi Arabia. The Government is providing the schools, the teachers, the books, and in some areas, meals, all at no charge. Those who go to the universities, technical schools, vocational training centres, and all other training programmes are also paid stipends while attending classes.

The impressive development of education in the Kingdom during the first plan period can be measured mainly in quantitative terms as expansion of the school system reduced the backlog of demands for education. The stage is now set to achieve universal elementary education for boys and for as many girls as can be reached through the girls' school system. The enrolment of boys in elementary schools is forecast at 677,500 in 1400 A.H. compared with 401,300 at the end of the first plan. The enrolment of girls will be 353,400 compared with 214,600.

A programme of continued expansion at the post-elementary level will assure opportunities for all students to continue their education through the secondary level. Planned enrolments in general post-elementary education will increase from 104,400 at the end of the first plan to 201,800 in 1400 A.H. for boys and from 45,800 to 103,900 for girls. Planned developments for higher education will cover all qualified secondary-school graduates. At this level, the number of students enrolled is forecast at 31,200 in 1400 A.H. compared with 11,900 at the beginning of the plan.

To meet the needs of adults for continuing education, evening classes will be expanded from an enrolment of 3,500 in 1395 A.H. to 20,600 in 1400 A.H. Enrolment in adult literacy classes will be increased from 55,500 to 126,100 for men and from 28,900 to 393,800 for women over the plan period.

Preparations are also under way for the modification of the structure of education so that it can effectively serve the future needs of the Kingdom. New Curricula, additional subjects and courses, new programmes, and modern evaluation systems are all incorporated in the plans of the education agencies.

In furtherance of scholarship and intellectual enrichment, the Government's support of cultural affairs will include expansion of the national public libraries, establishment of a national museum system, increases in archaeological activities, and development of the King Abdul Aziz Research & Cultural Institute.

Public information services will disseminate entertainment, education, and news to all parts of the Kingdom via high quality medium-wave radio transmissions. Television coverage will be extended to 90 percent of the population, and a second channel as well as colour TV will be introduced.

3. Regional development

The development of regional economic resources and the provision of social services in accordance with need are intended to distribute the wealth, at present generated by the Kingdom's oil, to all sectors of the population. Regional strategy, based on socio-economic studies of the regions of the Kingdom will include the following:

- Central Region: Continued development of Riyadh as the administrative capital of the Kingdom; the development of industry not requiring large quantities of water; and large-scale agricultural projects in rural areas.
- Eastern Region: Major development of hydrocarbon-based industry; and agricultural development in areas of high potential.
- Western Region: Pipeline transfer of hydrocarbons for the formation of a second industrial growth pole; continued development of the commercial, pilgrimage, and tourist activities of the main cities; and agricultural development in rural areas.
- Southwestern Region: Agricultural development; domestic tourism in the highlands; industry as feasible; and mineral development.
- Northern Region: Agricultural development; mineral development; and industry as feasible.

Real incomes of families will be increased throughout the country emphasizing:

- the expansion and upgrading of educational and health services;
- the widening and strengthening of social transfer programmes including old age pensions and child allowances;
- implementation of a comprehensive housing programme;
- expansion and improvement of the municipalities system.

Development of economic resources

Programmes for development of water during the Plan provide for increasing water supplies to inland cities from underground sources, including major well drilling to supply Riyadh with an additional 120,000 cubic metres of water per day by 1398 A.H. Desalination will be the main source developed for the east and west coast urban centres and industrial complexes; here the projected increase in water production will amount to 203,000 cubic metres per day on the Red Sea and 380,000 on the Arabian Gulf coast, although not all the planned capacity will be in production by 1400 A.H. All the larger desalination plants will be the dual-purpose type producing electricity as well as water.

For the longer term, an extensive programme of studies is planned for the development and conservation of the Kingdom's water resources. These will provide the basis for formulating a National Water Plan and a National Water Code by the end of the third year of the Plan and National Water Standards by the end of the following year.

Agriculture is by far the largest user of water in Saudi Arabia. Because of the scarcity of this resource, major expansion of the area of land that can be brought under irrigation will depend largely on the outcome of planned studies relating to development of water resources and their availability for agricultural use. The target for expansion of irrigated farm land is 50,000 hectares, compared with a present area of about 121,000 hectares. Much of this new land will be in regional projects developed under field directorates of the Ministry of Agriculture and Water, but including special social and economic programmes to improve the well-being of rural people and to modernize farming methods. The regional projects and existing agriculture and stock-raising will be supported by co-ordinated research programmes and extension services designed to increase

domestic production of priority cereals (wheat, barley, and sorghum), livestock, vegetables, and fruit.

Agricultural credit provided by the Saudi Arabian Agricultural Bank is to be greatly expanded over the plan period. The Bank will offer a total of SR 528 million in credit for agricultural production and a further SR 140 million for the marketing and processing of agricultural products. It will continue to act as the fiscal agent for subsidies on selected agricultural inputs.

In the management of petroleum resources, as with water and land, the Government's five-year plan should be considered as an early stage in very long-term development. Thus many of the programmes planned by the Ministry of Petroleum and Mineral Resources for 1395-1400 A.H. are basic studies which include technological analyses of world trends in petroleum production and trade, the roles of petroleum as energy and as raw material, and international conservation of hydrocarbon resources. Other studies will increase knowledge of the Kingdom's own hydrocarbon resources; seismic exploration will be extended to all areas, including the Rub' al-Khali; field studies will be made of reserves, production potentials, and production improvements; and a special investigation of pipeline, treatment, and storage installations will precede improvement and expansion of these facilities. Sophisticated computer technology will be used in many of the studies.

The development of the minerals sector in the next five years is planned largely to increase the commercial potential of the Kingdom's metallic and non-metallic resources. In the continuing geological mapping programme, maps will be compiled to assist comprehensive regional geology. While the emphasis will remain on the Precambrian Shield, mineral exploration will be extended to other areas and will gain increasing importance relative to basic geological studies. Two of the special studies planned relate to uranium prospects and to the availability of water for a minerals industry. The Mining Code and other regulations and incentives will be reviewed in the light of international practices to encourage private enterprise in exploration work.

The integrated electricity system that is planned will add 3,300 MW of generating capacity and 3,500 kilometres of transmission line to the present non-integrated system and will serve 1.6 million more people. Much of the new generating capacity will be in dual-purpose desalination plants. Implementation of an integrated system requires development of operating standards, interconnections that will reduce the present number of power stations, the orderly integration of demand centres, and a full-scale technical planning and programme-management function. The latter will carry out many studies in preparation for the establishment of a national body to develop, regulate, and administer the integrated electricity system.

Manufacturing is a point of concentration of the Development Plan as a whole, for the Kingdom can reduce its dependence on sales of crude oil only by expanding and diversifying its manufacturing activities.

In the oil-producing Eastern Region, when feasibility studies are complete, major plants will be constructed for gas gathering and treatment, production of petrochemicals, refining of products for export, fertilizer production, and manufacture of steel and aluminium products. The total investment in these projects is estimated at SR 37,800 million. In the Western Region, with crude oil and NGL piped from the east, an export refinery and a petrochemical complex will account for a further investment of SR 10,830 million.

Planned expansion of other manufacturing includes increasing cement production capacity from 1.15 million tons annually to 2.5 million tons, construction of three large integrated grain-mills, flour-milling, and feed-milling complexes, and a wide variety of other activities including food processing, construction materials and products, automobile assembly and parts production, and the manufacture of fabrics, carpets, and other consumer and health products.

Planning studies will be completed for a major industrial estate at Jubail to accommodate hydrocarbon-based industries and several estates elsewhere will be expanded or created for other industries.

To encourage full participation of the private sector in economic diversification, the Government is continuing to develop special incentives, investment funds, and other enhancements while rationalizing its regulatory system. The construction sector will be tested to the limit by demands from the many productive activities described above and the social plans summarized later. An array of programmes has been planned to expand the domestic industry, increase the in-flow of construction manpower and materials, and co-ordinate demand for construction on the basis of national priorities. Immediate steps are being taken to simplify tendering, licensing, and other procedures while a comprehensive review of all relevant regulations is undertaken. Experience in other countries with new design approaches, use of manufactured components, and time- and labour-saving equipment and methods will be applied wherever appropriate.

The plan for commerce is designed to facilitate economic diversification and growth. Under way is a major reorganization of the Ministry of Commerce and Industry which will expedite the expansion of commerce through increased knowledge of its sub-sectors and development of infrastructure in its support. The importing, transportation, and shortage of materials are also subject to review and improvement. The Saudi Arabian Monetary Agency, the Ministry of Finance, and representatives of private business will be concerned in studies designed to ensure that all financial, insurance, and other commercial services will be adequate to meet the greatly increased demand for them in the plan period.

Physical infrastructure development

The physical infrastructure must be developed if the economic and social objectives of the Plan are to be attained. While the major task during the first development plan was to provide the basic physical means, much more emphasis will now be laid on improving efficiency and quality of service.

The targets for the roads sector are to link all major population concentrations and to provide alternatives for the most travelled routes. More than 13,000 kilometres of paved roads and 10,000 kilometres of rural roads will be constructed and the maintenance programme will be expanded.

The Kingdom's ports handled almost 3 million tons of general cargo in 1392-93 A.H. By 1400 A.H. over 13 million tons are expected to be imported annually. To cope with this vast increase 20 new berths will be constructed at Jeddah and 26 at Dammam; and the introduction of further mechanization will increase the handling capacity of existing berths.

The improvement programme of the Kingdom's airports will continue and the whole airways system will be

provided with the highest quality navigation and control equipment to ensure safe aviation.

Saudi's image as a major international airline will be further increased by the introduction of the wide-bodied L-1011 jets in 1395 A.H. The route network may be enlarged to include North America, the Far East, and more destinations in Europe and Africa.

The long-term function of the railroad in the transport system is under study and major decisions will be made when its role has been defined. Certainly, operations will be improved and, where feasible, rail and road transport will be integrated.

The targets established for telecommunications are high, but must be met if the telecommunications industry is to meet the demands for service that are implied by the overall social and economic goals of the Plan, and establish a basis for meeting a projected continuing growth in demand over the long term.

Achievement of these goals requires: an upgrading of the local telephone network to provide at least 20 telephones per 100 residents in the larger cities and approximately 5 telephones per 100 in the smaller communities, requiring installations of 670,000 telephone lines of which 490,000 lines will be in service; completion of the intra-Kingdom and international telecommunications network; expansion and improvement of record traffic and special services; development of an organization that will provide an efficient operational framework for the Kingdom's telecommunications industry; and a new approach to training, including promotion of Saudi management control and development of Saudi nationals in appropriate working capacities.

The Postal Service plans to provide all parts of the Kingdom with prompt service of unquestionable reliability. This will be accomplished by expanding the network of postal services centres, buildings and exchange offices, and streamlining organization and administration.

Major programmes include expansion of mail distribution to houses and commercial establishments, purchase of 38 mobile post offices, introduction of an express mail system, and construction of new facilities to include three major postal centres, 20 main exchange offices, and a number of branch and smaller exchanges.

The major objectives for municipal development are to make cities, towns and villages healthier, more comfortable, more enjoyable and less costly places in which to live, work and travel and at the same time, to improve their efficiency as locations for trade, industry and services.

In pursuit of these objectives, the Government is nearly doubling the number of communities with municipality status, and upgrading the level and range of municipal services and facilities throughout the Kingdom. New programmes include the provision, in selected communities, of public transportation services, cultural centres, guest houses, and refrigeration plants. All major towns will have master plans by 1398 A.H.

The planned municipal expenditure requires major changes in the administration and organization of the Department of Municipal Affairs. Among the major changes will be a new four-category classification of municipalities - with each category having clearly defined organizational and administrative functions - and an increased degree of autonomy for the individual municipalities.

The Government's primary aim for housing is to ensure that every household in the Kingdom has a decent, safe and sanitary dwelling. Because of technical constraints, it will be some years after 1400 before this goal is achieved. Nevertheless, targets set for housing construction during the Second Plan will go a long way to improving the housing situation. The Plan calls for the private sector to construct, with the assistance of the Real Estate Development Fund, 122,100 units and for the public sector to construct 52,500 units for low-income families and to develop 44,300 fully serviced building lots to be allocated to low-income households for the orderly self-help construction of housing. A further 51,000 temporary housing units will be constructed for the labour required to implement major development projects.

A new Housing Organization, incorporating the present General Housing Department linked to the Real Estate Development Fund, will be created to implement the housing programme.

To enhance the devotional nature of the Hajj and to improve safety, a series of major measures will be undertaken in the Hajj areas. These will include an improved transportation system; programmes to improve the quantity and quality of pilgrims accommodation, especially in Mina; continued improvement of health services; and the conservation and development of the Holy Cities as communities.

Social development

While emphasizing individual responsibility for the well-being of the family and society generally, the Government plans major extensions of its many health services, social systems of transfer payments and insurance, special services for youth and for Bedouin nomads, and strengthening its judicial system.

The Government aims to provide comprehensive preventive and curative health services in all regions of the Kingdom. During the Plan, the Ministry of Health will add 11,500 beds in established or new hospitals, the number of dispensaries will be nearly doubled from the present 215, and many other types of facilities will be established or expanded. About 5,300 technical assistants will graduate during the Plan and the number of health institutions and nursing schools will be doubled. Emergency health services are offered by the Saudi Red Crescent Society which aims to double the number of its ambulances and first-aid centres. Special emphasis will be laid on the Hajj areas; new clinics will be opened there and a mobile hospital will be procured primarily for the pilgrims' use.

A new programme of social security benefits is being

introduced, including old-age pensions, death allowance, housing allowance and child allowance.

Social Affairs programmes include social welfare, rehabilitation, cooperatives, and community development. 24 additional welfare institutions are planned, among them a home for handicapped children and 5 new probation homes. The number of rehabilitation centres will grow from one in Riyadh to sixteen located across the country. Generous subsidies will encourage cooperative development and 90 new cooperatives are planned. The present number of community development centres will be doubled and the number and scope of their projects expanded considerably. A major programme of social research will be undertaken through the ad-Diryah centre and its community development centre training programmes expanded.

The General Organization for Social Insurance will play an important role in providing insurance coverage for the increasing number in the work force. During the second plan period, the Annuities and Occupational Hazards programmes of the Social Insurance Law will be extended to cover at least 250,000 employees.

The greatly expanded youth welfare programmes planned for the forthcoming five-year period reflect the Government's belief in the importance of developing tomorrow's citizens and leaders. The primary objective is to contribute to the raising of youth in a manner that balances the moral, mental, physical, psychological and social aspects of their lives and, at the same time, organize the energies and creative capabilities of youth so that they will contribute positively to the Kingdom's socio-economic development.

Youth programmes are planned for cultural, athletic and social activities. In addition a number of public service and work camp projects will be held. Major emphasis will be put on the development of youth leaders and the provision of equipment and facilities.

The development and well-being of the nomadic Bedouin will receive major attention during the second Development Plan. Programmes will be developed on an economic, rather than a welfare basis, and will be adapted to the special needs and situation of the Bedouin. They will cover agriculture, health, education and social affairs.

In order to guide and coordinate the work of agencies directly responsible for implementing Bedouin programmes, the Government will establish a special unit in the Ministry of Interior exclusively concerned with all aspects of Bedouin development policy and programmes.

The judicial system will be strengthened to enable it to process promptly, in accordance with the Sharia, the growing number of disputes associated with increasing prosperity and economic activity.

The economic and social development of a nation require the strenuous efforts of both the government and the people. Despite the Kingdom's unusual financial situation, this is no less true in Saudi Arabia than in other countries. Saudi Arabia's development problems may be different from those of other countries; they will be no less easy to overcome. Accordingly, the following basic tenets underlie the successful outcome of the Kingdom's development strategy for the period 1395-1400 A.H. and beyond.

- Careful management of hydrocarbon resources in order to maximize the domestic, social, and economic benefits to the Kingdom over the long term while at the same time meeting the Kingdom's need to finance industrial and social development.
- Acceptance of the addition to the foreign labour force in Saudi Arabia needed to assist in implementing the construction and other programmes planned for the next five years.
- Continuing internal migration from rural areas to locations of urban and industrial employment.
- A major role in development for private enterprise, especially in the progress of the productive sectors. The Government will do its utmost to stimulate and assist private-sector activity.
- Elimination of constraints that may arise as a result of the unprecedented rate of planned expansion of economic activity, and rescheduling of programmes and projects in accordance with national priorities where it is not possible to eliminate these constraints in the short run.
- Improvement in the speed and effectiveness of the Government's planning, decision-making, and implementation processes. Many existing procedures must be reformed, and public institutions created or the present ones modified in a number of areas.
- Prudent utilization of international co-operation programmes, whereby the Kingdom can acquire access to technical know-how, skilled labour and management expertise.
- Sound monetary and fiscal policies, whereby domestic inflation is minimized and the Kingdom's growing financial reserves are soundly managed in relation to future national development and with due concern for the stability of the international monetary system.

There is no doubt that we shall face tremendous obstacles in the course of implementing our Second Development Plan. Some of these have already been pointed out in the course of this address. Yet there are also many advantages. Saudi Arabia has the capital and the raw material. It is building up, steadily but surely, both its technological capability and trained manpower. It is strategically located internationally, at the crossroads of the world, with the flexibility of two coasts and an internal road net that is constantly being expanded and improved. It is quite possible that the geographic location is the paramount consideration in the current Japanese offer to establish various industries in Saudi Arabia. Finally, a hidden advantage is that we can learn from the experience - both the achievements and the mistakes - of the developed nations as we pursue our course. We can be alert, reexamining our economic objectives in the light of such experience, and avoid the pitfalls of a 'follow the leader' pattern.

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STATEMENT OF CONDITION, 30th JUNE, 1975

| ASSETS | 1975 JD | 1974 JD | LIABILITIES | 1975 JD | 1974 JD |
|--|--------------------|--------------------|--|--------------------|--------------------|
| CASH IN HAND & AT BANKS | 228,326,660 | 127,952,903 | DEPOSITS & OTHER ACCOUNTS | 389,198,909 | 330,213,712 |
| BONDS | 22,686,925 | 22,321,116 | CAPITAL AUTHORIZED & FULLY PAID: | | |
| INVESTMENTS | 3,240,120 | 2,805,657 | 250,000 SHARES | 5,500,000 | 5,500,000 |
| BILLS DISCOUNTED | 21,374,032 | 90,028,555 | JD 10 per share | 3,700,000 | 3,700,000 |
| LOANS TO CUSTOMERS | 125,335,391 | | STATUTORY RESERVE | 1,420,000 | 1,120,000 |
| BANK PREMISES (less depreciation) | 1,738,036 | 2,387,636 | SPECIAL RESERVE | 6,800,000 | 6,800,000 |
| FURNITURE & EQUIPMENT (less depreciation) | 781,523 | 4,508,040 | OTHER LIABILITIES | 6,774,329 | 3,718,822 |
| OTHER ASSETS | 2,329,558 | | GUARANTEES, CREDITS & ACCEPTANCES (per contra) | 231,235,754 | 110,668,305 |
| CUSTOMERS' LIABILITY ON GUARANTEES, CREDITS & ACCEPTANCES (per contra) | 251,235,754 | 110,668,305 | | | |
| TOTAL ASSETS | 666,328,666 | 380,680,539 | TOTAL LIABILITIES | 666,328,666 | 380,680,539 |

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Opec compromise seems likely

by Roger Vielvoye

Saudi Arabia may try to persuade its partners in the Organisation of Petroleum Exporting Countries (Opec) not to increase crude oil prices at the end of September. One highly placed Saudi official has been quoted as saying that the industrialized oil consumers may not yet be in a position to cope with higher crude oil prices after a long recession from which they are only just beginning to emerge.

Crude oil prices have been frozen at their January 1 levels for the first nine months of this year and when the organization meets in Vienna on September 24 it must decide its pricing strategy for the remainder of the year. Already it has settled at its last meeting in Gabon in June, that the new prices should be set in special drawing rights (SDRs) instead of dollars.

The unofficial Saudi view that there should be no price increases until consumers can afford them is at one end of the spectrum of opinion within the organization. At the opposite end is Algeria, which is talking of a 50 per cent price increase to make good as much as possible of the lost buying power of producers' oil revenues.

There is undoubtedly some support for the idea of holding back price increases but in the end it seems likely that the 13-nation body will compromise on a token price increase from October 1, with the promise of more rises to come when the economies of Europe, North America and Japan finally throw off the effects of the recession.

So far there has been no official indication of the policy that the Saudis will press at the September meeting. Government circles are aware of a degree of cynicism among western consumers who have heard on many occasions leading Saudis publicly state that oil prices were too high but have failed to see any fall in Opec prices.

As the oil companies well remember, it was Saudi Arabia that in November last year initiated a lowering of crude oil posted prices coupled with an increase in tax and royalty rates that effectively raised prices by more than 50 cents a barrel.

Saudi Arabia's influence within Opec has been strengthened during the price freeze and the recession in the consuming countries. Falling industrial production combined with a warm winter and demand for crude tumbling in the late winter and spring.

On their own initiative, the Saudis allowed output to fall back from a record 8,800,000 barrels a day last October to just over 5,550,000 in April.

Even with these cuts some countries, including Iraq, Nigeria and Libya, were tempted into price reductions to maintain the national output at the expense of higher cost producers. Without Saudi Arabia acting as a balancing wheel, the shading of prices could have been more widespread and endangered the whole Opec oil cost structure. Production has started to creep back and is now more than 6,800,000 barrels a day.

Besides taking a less aggressive line on prices, the Saudis are keen to begin a dialogue between the oil consumers and producers as well as some Third World countries. Saudi Arabia was one of the four oil-producing countries at the unsuccessful Paris talks in April when the three sides failed to agree on the scope of the full-scale discussions between a much larger number of countries.

The Saudis supported the Algerian and Third World claim that the problems of all raw materials must be included in any world conference; they played a major part in attempting to prevent the Paris talks ending in failure. But there is nothing half-hearted about the Saudi opposition to the International Energy Agency which was officially excluded from the Paris meeting.

Saudi Arabia still seems intent on signing agreements with the consuming nations in which crude would be supplied on a long-term basis in return for technological assistance with the industrialization programme.

In an American television interview earlier this year, Shaikh Ahmed Zaki Yamani, the Saudi Oil Minister, said the two countries were interested in a bilateral oil deal under which the United States would get from Saudi Arabia all the oil it needed over many years at fixed prices in return for helping to industrialize.

The Americans have publicly appeared less than enthusiastic about the Yamani statement. Nearly three years ago Shaikh Yamani went to Washington and proposed a meeting to discuss Saudi oil revenues to be invested in refining and marketing in the United States, oil supplies to the United States could be guaranteed. Since then, however, the Saudis have officially stated that they are no longer interested in investing in "downstream" operations in America or anywhere else.

At the end of 1973 the French signed a three-year contract for 27 million tons of crude annually, with provision for extending the deal over 20 years and increasing the volumes to 40 million tons a year. At the supply crisis and demand for crude slumped, the amounts that the French have taken under this deal have declined sharply.

Over the past two months high-level negotiations between the two countries have revived interest in a supply deal linked to a five or 10-year economic agreement that would provide technological assistance to the Saudis.

A tentative agreement has been reached by Saudi Arabia and Kuwait for settling the long standing maritime dispute on the northern offshore boundary between the Kuwaiti/Saudi Neutral Zone and Kuwait territory. Because of the dispute, concessions granted to Shell by Kuwait and Arabian Oil (by the Neutral Zone) overlapped and halted exploration in a promising area.

As a result of last year's settlement of another border dispute this time with Abu Dhabi, most of the Zarrarah oil structure will be transferred to Saudi Arabia in return for abandoning its claim to the Bureini Coast.

The author is Energy Correspondent, The Times

Minister masterminds oil takeover

Saudi Arabia's desert sands and the shallow waters off the country's Gulf coast contain the world's richest source of energy and wealth—172,000 million barrels of oil—worth at current prices just over \$10 a barrel. Only three years ago all this oil wealth (27 per cent of the world's reserves outside Eastern Europe and China) was under the direct control of four American oil companies, Exxon, Texaco, Standard Oil of California and Mobil, through a consortium known as the Arabian American Oil Co (Aramco).

Technicians from the four companies carried out all the exploration work, installed production facilities and kept the oil flowing while executives from the United States decided on rates of production and to which countries the oil should be exported. Only the price to be paid for the oil was outside the companies' direct control—and at that stage they nominally still played a part in the price-fixing process through negotiations with the Organization of Petroleum Exporting Countries (Opec).

Saudi Arabia is now on the verge of the biggest takeover deal the oil industry has ever seen. In three years it has chipped away at the control of Aramco by the four companies and the present delicate negotiations should give it complete control of its oil wealth by the summer.

For Shaikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, the takeover will be a personal triumph. From the earliest days of Opec he has been a firm advocate of government participation in the oil companies' concessions and has played a leading part in turning a rather vaguely stated Opec policy into reality.

At his insistence Aramco, in 1972, became the first oil company to concede the principle of state participation. This was followed by an agreement with the four oil companies that gave Saudi Arabia a 25 per cent holding in the consortium, for which it paid \$500m. The agreement also contained a formula that would have given the state a 51 per cent majority holding by 1983.

Having signed the participation pact, like all the Opec countries where the first oil company to concede the principle of state participation was run, Saudi Arabia and its neighbours rapidly became disenchanted at the prospect of waiting until the next decade for management control of its oil industry. While many of the Gulf states wait for immediate 60 per cent participation, Saudi Arabia decided to negotiate for complete control of Aramco.

After a year of intermittent negotiations the two sides are close to settling their outstanding differences on the takeover issue. At a meeting in Geneva in July considerable progress was made on the two topics that had been holding up the final settlement—the amount of oil the companies would



Trellis-work of pipes with fuel tanks alongside are part of Saudi Arabian oil refinery.

be guaranteed after the takeover, and the fees they would be paid for running the industry on the Saudis' behalf.

A draft agreement is expected shortly and according to informed sources there could be a further series of meetings to hammer out any remaining details. That would put the Government and the companies on a schedule for producing a final agreement later this autumn.

The four oil company partners had been working on a Saudi proposal that they would only be guaranteed five million barrels of oil a day after the takeover. It now seems likely that they will get seven million barrels a day but in return have had to settle for a profit on each barrel that is considerably smaller than they had expected.

While Saudis are being trained in all aspects of oil company operation, there is no prospect of them taking over the industry personally for many years. To some extent that has given the Aramco partners a small negotiating lever, although there would have been no shortage of competent companies ready and able to step in and operate the oilfields on a commission basis had the talks broken down.

Throughout the long period of uncertainty created by the takeover talks and the big strike in production, the Saudis have been working on expanding oilfield capacity has continued. Aramco, which started the year with 9,800,000 barrels a day, has added an additional 200,000 barrels of daily capacity and its reserve figures

are expected to exceed 11 million by the end of the year. To reach that figure the companies must have an installed capacity that is substantially above the actual productive capacity, and in order to produce 11 million barrels a day there should be an installed capacity of 12 million a day.

Although that capacity is never likely to be fully utilized, an ambitious exploration programme is continuing. At the end of last year discoveries had increased the country's total probable reserves by 4.2 per cent to 172,500 million barrels. Even after a record 3,900 million barrels—the equivalent of 8,200,000 barrels a day.

The probable figures, according to Aramco, include proved reserves of 103,000 million barrels, a 6.7 per cent increase on the previous year.

Aramco said that during the year it had discovered a new oilfield, Rimthah, while one offshore and two onshore exploratory wells had produced promising results. Oil companies are noted for their conservatism in estimating reserves; a trait not usually found in the oil ministries of the producer governments.

Shaikh Yamani said recently that he believed a sixth of the estimated undiscovered reserves outside the eastern block would be found in Saudi Arabia. If his estimate is correct that would add a further 100,000 million barrels to the country's reserve figures.

During the recent levels of last year, export terminals, Tanura came under considerable pressure from the huge increase in output in the summer of 1975. The traffic using shore loading terminals part of the work also been taken by a pipeline of a new line terminal at about 15 miles to the west.

The Gulf load terminals are now the outlet for Saudi 500,000 barrel a day. Arabian Pipeline has been built to the Mediterranean Sea, but with Jo Lebanon over worry the line is not yet open.

Tapline has been used to political pressure most of its 24-year Aramco and the agreement for construction of the northern end of the pipeline, more expensive, would be a new across the Saudi mountains to the north of Jiddah, then be shipped to Suez Canal or Suez pipeline.

Tanker owners profit from preference

At a time when the world tanker market has been languishing in its deepest depression, the action of many of the oil-producing countries in setting up tanker fleets has done nothing to improve the confidence of the established figures in the industry about their long-term future.

In normal times tanker owners are used to new companies entering the market; it is highly competitive and fortunes fluctuate rapidly. However, the latest entrants—companies set up mainly in the Arab oil-producing countries—are bringing with them a preferred-customer status that should ensure them profitable times even when the industry goes through one of its regular depressions.

The advantages for Arab tanker owners comes from decrees issued by Saudi Arabia and its Gulf neighbours that domestically owned ships must be given CoA of Japan, Waller and preferential treatment for carrying crude oil and products from Saudi and other parts in that area.

With that advantage the Arab tanker owners can probably make a success of shipping oil at a time when company sponsored by the Organization of Arab Petroleum Exporting Countries (OAPEC) with an authorized spending programme of \$300m (about £250m). The governments are already discussing how further cash should be raised.

It has bought a 130,000-ton tanker from the Norwegians and has six bigger ones on order to enter service in 1978. The Kuwait-based organization has set itself the target of eventually building a two-million-ton fleet and has recently invited offers from other shipping companies for several more vessels—either crude or product carriers.

Across the Gulf, Iran has chosen a different way to begin tanker operations. The National Iranian Oil Company is to set up a joint tanker fleet with British Petroleum. An as yet unspecified number of BP tankers will be purchased by the Iranians and put into a shipping pool where there will also be an equal tonnage of British-owned ships. Initially the operation will be based in London but once sufficient trained Iranian seamen are available the headquarters will be moved to Iran.

Training crews will also present difficulties for the Arab shipowners. The new companies want to provide as much employment for Arab seamen as possible but, again, in the initial stages many of the crewmen will

come from other countries. However, attempt to end the providing funds to these nations as centres at Jiddah, Arabia, Doha, in Basrah in Iraq, support will also to existing training at Alexandria and

countries. However, attempt to end the providing funds to these nations as centres at Jiddah, Arabia, Doha, in Basrah in Iraq, support will also to existing training at Alexandria and

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Need to save the energy which goes up in smoke

natural gas flares that shed sheets of flame hundreds of feet into the desert above the main oil-producing regions could soon be a thing of the past. Saudis conscious of the huge waste of resources and energy from burning the gas which is produced in association with oil and they plan to save it by piping it to the industrial development areas to provide additional export revenue.

The price of saving this gas is enormous but the loss of energy resources is a world running short of petroleum, energy, extent of the waste can be judged from the fact that the Aramco company's oil production was valued at eight million barrels a day earlier this year and last year, it was producing gas at the rate of 4,500 million cu ft a day, of which 3,500 million and 4,000 million cu ft a day were flared off—the equivalent of gas consumption in the whole of Britain on a cold winter's day when domestic and industrial heating is at its peak.

When the gas has been collected from the various oil fields, a large quantity will be piped to the industrial complex at Jubail on the Persian Gulf coast and by way of a tortuous route across the desert to a similar industrial development at Yanbu on the Red Sea coast. The rest will fuel power stations which will provide a comprehensive electricity network for the Eastern Province and for Riyadh.

A pre-feasibility study carried out by Texas Eastern

Engineering shows that the project would be capable of processing about 5,200 million cu ft a day, considerably more gas than will be available from production of a main part of the gas-gathering treatment and transmission facilities.

Petromin, the state-owned oil and petrochemical company, has plans for four petrochemical refineries as well as three large export refineries. Government approval has already been given to a joint venture between Petromin and Mobil Oil, one of the four partners in Aramco, for a large refinery and petrochemical complex at Yanbu on the east Red Sea coast. In its initial stages the complex will have a refining capacity of 250,000 barrels a day which will later be doubled.

The petrochemical side of the development will include an aromatics plant and an ethylene unit for the production of polyethylene, ethylene glycol and styrene monomer.

Saudi Arabia has been anxious not to concentrate all the oil-associated developments along the Gulf coast close to the oilfields. The Yanbu project is the first stage of a diversification plan which will require an 825-mile

long, 48in diameter pipeline, initially carrying 900,000 barrels of oil a day, but capable of expansion to accommodate 2,300,000 barrels a day. The cost of the pipeline could be between \$1,000m and \$1,500m in addition to \$600m for the two-stage refinery and \$800m for the petrochemical developments. As well as supplying crude oil to fuel the refinery, the pipeline will be linked to a crude oil export terminal to serve tankers trading with southern European refineries via the Suez Canal.

Also on the list of proposed developments is a \$1,200m joint project with Shell Oil of the United States which will produce a wide range of ethylene-based chemicals. It has been reported that the United States affiliate of the Royal Dutch Shell group has won the right to lift 350,000 barrels of crude oil a day because of the size of its investment.

Three groups, Imperial Chemical Industries, Agricore of the United States and the Chinese Fertilizer Company from Taiwan are also awaiting approval for separate fertilizer plant projects.

Petromin has also approved in principle an \$800m joint venture with Dow Chemical of the United States at Jubail and is reviewing proposals from many other potential partners, including Amoco (a plant to produce a constituent of synthetic fibres); Mitsubishi (ethylene-based chemicals); Gulf (ethylene-based chemicals); Mobil, Exxon, Texas Eastern and the Celanese Corporation.

In addition to providing the feedstock for a large petrochemical industry, the associated gas-gathering network will enable Saudi Arabia to make a fivefold increase in its gas exports. The economic planners had four methods of exporting gas open to them when drawing up the development schedules. Most attractive is to take the light liquids that occur naturally with the gas and ship them out by tanker. These natural gas liquids (NGL) are rich in methane and propane which can be extracted reasonably cheaply and easily exported as liquid petroleum gas (LPG). Taking the methane to produce methanol and exporting this by tanker was a further but not widely used

third alternative. Finally there was the liquid natural gas method. This involves liquefying the gas, shipping it in specially built tankers and regasifying it in the importing country.

The liquid natural gas route is expensive, particularly the shipping part of the operation, and is being tried in many other gas-exporting countries. Having rejected this method of exporting, it seemed logical to expand in the field where Saudi Arabia was largely a main force—NGL and LPG exports. Having taken this decision, there was not sufficient surplus methane to continue with the world's first large-scale methanol exporting plant in partnership with Houston Natural Gas.

The original plan envisaged a unit capable of producing 12,500 tons a day but this has been reduced to 5,000 tons a day plant using only 230 million cu ft of gas a day.

Aramco is already expanding its NGL production. Work has started on a second plant which should enable the consortium to export

360,000 barrels a day by mid-1977 compared with the present figure of 188,000 barrels a day. The Government's proposed construction programme would add a further 500,000 barrels a day of LPG and 100,000 barrels a day of NGL, bringing the total to about 960,000 barrels a day by the end of the decade.

The first government processing plant will be at Yanbu on the Red Sea coast. An 825-mile-long gas liquids pipeline is required for this project in addition to the 48in diameter crude oil pipeline to serve the Petromin/Mobil projects.

Provided the Suez Canal remains open, the LPG plant on the Red Sea coast would be 5,000km closer to the markets of the United States and north-west Europe compared with a plant on the Persian Gulf coast shipping gas by way of the Cape. LPG is shipped in small tankers which can use the Suez Canal even when fully laden.

Development of the liquid petroleum gas facilities in Saudi Arabia is in direct competition with similar expansion schemes in Iran,

Iran, Abu Dhabi, Dubai and Kuwait, all of which will be pumping increased supplies of gas into the world market over the next four years.

The Saudis are conscious of the Opec plan for cheap fertilizers for the developing countries, approved at the Algiers summit in the year.

The development programme absorbs most of the available gas, even when output of oil was over seven million barrels a day. With crude output already below this level, the Saudis might have to look for additional gas supplies if Opec style fertilizer plants were to be built using gas as a feedstock.

Meanwhile, Petromin and British Petroleum are conducting a study into the feasibility of using the United Kingdom company's technology for producing protein from crude oil. The project would be expensive but, with the development world facing a protein famine, Saudi Arabia is one of the countries rich enough to supply subsidized protein to ease the shortage.

R.V.

Petrol faces strong challenge

by Pearce Wright

discovery of oil in Saudi Arabia coincided with the decline of the rule of the House of Saud. But some elapsed before the era of prosperity and economic revival of the country followed. Even though oil was found in 1938 at the opening exploration, commercial quantities were not located in 1938. Within a year first big well was producing 10,718 barrels a day. New oil deposits were found in quick succession, nevertheless, the outstanding income for the state was from Muslims who are on the great annual pilgrimages to Mecca and Medina. Curtailed of the pilgrimage during the Second World War in sea and air travel was stopped by military police caused the yearly income of pilgrims to dwindle a trickle. Shortly after war a fresh wave of protesting sent oil production down.

At the country need not be dependent on its petroleum reserves as it is now, any other valuable mineral exists.

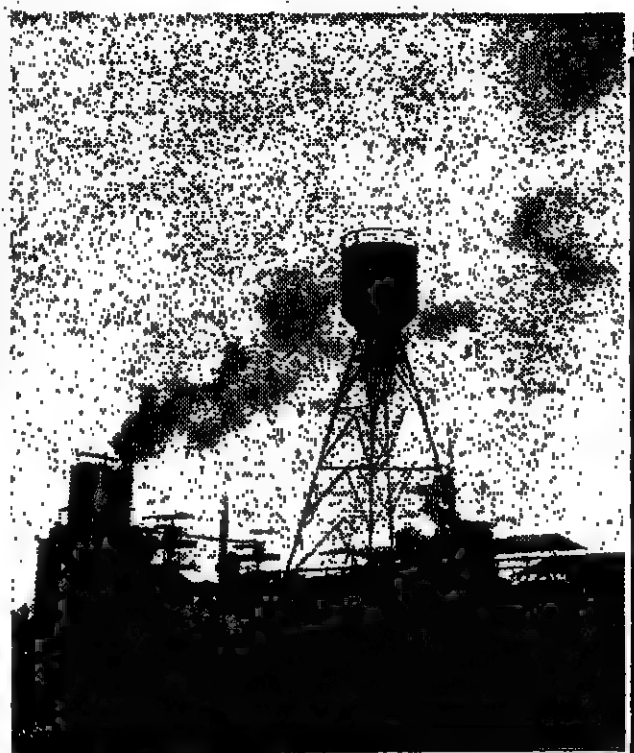
Moreover, a report from French Mineralogical Research Bureau suggested that Arab Shield area could contain the richest mining ore in the world, enabling wealth from these resources to rival that from petroleum products. Increases in energy prices have altered the situation, partly because the value of other commodities has risen accordingly.

Extensive mineral deposits of the bulk ores like iron, copper, silver, chromium, zinc, lead, clay, precious stones, silica sand for glass, and minerals like barites, fluorite, salt, gypsum, and others.

Gold has been found in various parts of the kingdom with gold-bearing veins producing about a half ounce to one and a half ounces a ton of ore. Silver mines in the Arabian Shield have tended to be found in conjunction with gold, lead and copper. Eight such silver mines exist with the largest in the region of the Southern Plateau. The best copper seams appear to be in the same area.

A big programme of geological and geographical survey work from the air is being funded by the Government. The key part of the exploration is to make magnetic and radiation measurements of the mineral regions. Before the start of this activity a lot of information was already compiled about the geology of the Arabian Shield. Many mineral workings are in operation, even though most are on a small scale. The veins of barite rock formations yield a material of varying purity. This mineral of barium sulphate is used in drilling muds and a variety of paints, while the highest purity samples can be used in plaster on walls and for screens used for protection against X-rays.

Magnesian, the mineral of magnesium carbonate, arises in a variety of circumstances in the many anomalous rock formations of this region. Some big sources occur. Magnesite is used as a highly combustible non-inflammable fuel in steel furnaces, for strengthening concrete aggregate slabs, in pottery.



Steel rolling mill at Jiddah.

ing process needed coke, exploitation had to wait until alternative methods were available using natural gas and oil products as the substitutes for coke. The site at Jiddah was chosen because it was ideally placed near the iron ore deposits and for the transport of liquid fuel.

But the full range of minerals seems almost inexhaustible. Deposits are known of gold, copper, silver, chromium, zinc, lead, clay, precious stones, silica sand for glass, and minerals like barites, fluorite, salt, gypsum, and others.

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Extensive mineral deposits lie underground. Irrigation of the desert is attracting Beduin for permanent settlement (seen in the background).

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A fight for food self-sufficiency in face of agricultural decline

by Peter Field

Agriculture is not an activity that one readily associates with Saudi Arabia. Physically everything is against it. The country is one of the most arid in the world. Summer temperatures top 120°F and the winds are harshly drying. There are no perennial rivers.

More than 75 per cent of the arable land is rain-fed, but nowhere does rainfall exceed 400 to 500mm, which may occur over short periods. Irrigation water is limited and of low quality. Encroachment by sand dunes is a constant hindrance.

But the coastal fringes of the kingdom offer some relief from this depressing picture. In the Asir, next to North Yemen in the south-west, peaks rise to 10,000 ft and precipitation is fairly abundant. Here rain-fed agriculture is practised with the aid of terracing of the mountainsides.

In the west generally, natural springs and shallow water-tables along the coasts offer another source of water, and spring-water irrigation is also used in the oases of the Eastern Province like Hufuf, Harad and Qatif. Even on the huge eroded plateau that forms the centre of Arabia, the Najd, some cultivation is possible in the oases—Riyadh, Qasim, Burydah and Hall.

Increasing prosperity has introduced some variety into agriculture. Consumption of such traditional crops as dates has declined. Market gardening is spreading, especially round Qatif, where date groves are being displaced, and one interesting result is that some oases are available for export to France. As well as dates and some vegetables, citrus fruit and melons are also exported. Otherwise, production of wheat, barley, millet, sorghum, maize, fruit and vegetables, eggs, poultry and meat has to be supplemented by substantial imports.

The Government's main concern is the decline in the country's already limited ability to feed itself. Nearly half the food needed for 4,300,000 inhabitants and up to one million foreign workers is imported. Imports have grown much more rapidly than domestic production—at about 13 per cent a year since 1962.

With imports of wheat and wheat flour running at 237,200 tonnes a year in 1971-73 out of total national con-

sumption of 314,400 tonnes. Saudi Arabia, as the world's biggest oil exporter, would be vulnerable to any economic retaliation by the West in the event of, say, rises in the price of oil, which the West considered unacceptable or a new oil embargo during another Arab-Israeli war.

Mr Earl Butz, the United States Secretary of Agriculture, admitted earlier this year that food is "one of the strongest tools we [the United States] have in our international diplomacy".

Already half the Saudi population is reckoned to be urban. Abandoned farmland and partly depopulated villages, especially in the south-west, illustrate the growing pull of the towns and the better paid employment offered. The agricultural labour force has been declining by an estimated 0.9 per cent a year—from 445,800, or 40.4 per cent of the national labour force in 1970, to 426,000, or 28 per cent of the total in 1975.

The Government's objectives for agricultural development as laid down in the new five-year plan (1975-80) are therefore to minimize the kingdom's dependence on imported food, raise the per capita income and improve the welfare of rural people and release surplus labour for employment elsewhere.

Surveys of soil and water resources have shown that, subject to the availability of water, the total area of cropped land could be doubled. This was last estimated at 525,000 hectares (nearly 1,300,000 acres), or about 0.2 to 0.3 per cent of the kingdom's land area of about one million square miles. Some 121,000 hectares are irrigated and the rest rain-fed.

But the constraints, human and physical, on raising the cultivated area are many. The 525,000 hectares cultivated are shared among 181,000 holdings. For irrigated land the holdings average less than one hectare.

Water is the key to any long-term agricultural development, which is why it has been accorded 34,000m rials in the new plan compared with only 4,000m rials for agriculture. The fossil-water aquifers which underlie about two thirds of the kingdom are vital to the country's future.

Demands on these depletable resources have been growing from industry and domestic users as well as irrigation, which will continue to be the biggest devourer of water for some

time. Much of the underground water has already been wasted through bad drilling and inefficient use.

The Government has therefore decided to ban any further development of ground water resources until the structure, capacity and interdependence of the aquifers have been assessed and a programme for exploitation within a national water plan drawn up. At the same time a big programme of desalination of seawater has been embarked on.

Agriculture's allocation in the new five-year plan represents only about 0.8 per cent of the total of 439,000m rials. The annual growth rate for agriculture in gross domestic product at constant 1974-75 prices is projected at only 4 per cent, the lowest of all the sectors and comparing with 15 per cent for several others. The net result will be a decline by 1979-80 in the proportion of gross domestic product contributed by agriculture from about 9 per cent to about 7 per cent.

These limited goals do not just indicate a shift of emphasis in national economic planning to out-and-out industrialization. They also seem to reflect the Government's appreciation of the minimal resources at the disposal of agriculture and the substantial investment already made in it.

Several big and costly projects have been completed over the past few years, but they have not all been as successful as the planners hoped. Both the Al Hasa project, which involved digging nearly 2,000 miles of irrigation canals and drainage ditches to water some 50,000 acres around Hufuf, and the Wadi Jizan project to add 25,000 acres to existing irrigated land have suffered from excessive use of irrigation water and bad drainage facilities which have increased the salinity of the soil, a shortcoming noticed elsewhere in the kingdom.

Research into the suitability of various types of livestock for Saudi conditions—Friesian and Jersey cattle, as well as zebu and Awassi and Nejd sheep (the latter the mainstay of Beduin flocks)—and their forage is being carried out by a team from the University College of North Wales, Bangor, one of several foreign universities assisting research in the country.

But attempts at modernization of agriculture have not shown great success as the new plan document candidly admits. Extension services are still outside the reach of

many farmers, there are shortages of fertilizers, only 5 per cent of farmers have received credit through the Agricultural Bank and machinery is not widely used mainly because the smallness of most farms does not justify it.

Distribution of virgin land since 1968 has also not produced the desired results. Of the 42,500 hectares handed out so far only a small proportion has been developed.

There is strong emphasis in the new plan on more research. One of the big drawbacks in planning for agriculture is the tenuous nature of the data. So a census of agriculture, already taken, is to be published by the end of this year, and a census of the Beduin is to be carried out in 1976-77. Programmes for raising food production are to be drawn up under the plan.

Output of wheat is to be raised from 74,200 tonnes to 230,000 tonnes by 1980 and substantial though less dramatic increases are envisaged for other crops. Production of cotton is to be started, with output of 7,000 tonnes set for 1980, and research into rice production is to be continued at Rufuf with the aim of carrying out feasibility studies for commercial production. At present nearly all consumption needs, 202,000 tonnes, have to be imported.

Similar big increases in output are planned for livestock. Various areas, especially in the north, are to be developed for forage production and studies are to be made in support of domesticated animal production.

Further distribution of virgin land is to be kept to a minimum until the policy has been reevaluated. Subsidies to farmers, however, are to continue in an effort to raise not only production but also levels of income in agriculture, though an eye is to be kept open for possible adverse effects. Subsidies include 45 per cent of the price of farm machinery and 50 per cent for fertilizer and animal feed concentrates.

The Agricultural Bank to expand its loans to, on average, 15 per cent of farms instead of the present 5 per cent. Loans will be available on everything from seed fertilizer, machinery, irrigation, labour and the purchase of land to transport, marketing and processing.

The author is deputy editor, Middle East Economic Digest.



A tomato harvest on a new farm in the Al Hasa oasis—an attempt to reduce the kingdom's dependence on food imports and improve the welfare of rural people.

Taming the nomad

by Faris Glubb

The idea of inducing Saudi Arabia's nomadic tribesmen to lead a more settled existence is not new. Indeed, it was first introduced by King Abdul Aziz, the father of the late King Faisal and the present King Khalid, as early as 1913 with the establishment of the agricultural settlement of Artawiya.

Within 10 years Artawiya had grown into a sizable town and 60 other communities of the same type had been founded.

What has changed is the Saudi Government's motivation in settling the Beduin. The tribesmen of Artawiya and similar settlements constituted a religious order known as the Ikhwan or Brethren, which Abdul Aziz set up not primarily to raise agricultural productivity, but to consolidate his authority over the anarchic Beduin. He hoped to transform them into loyal supporters of his regime, by giving them a precarious nomadic existence with the more stable life of a settled agricultural community.

The Ikhwan was meant to fulfil a similar function, by giving the tribesmen a new allegiance to the puritanical Wahhabi sect in place of the traditional tribal loyalty. This was also designed to consolidate Beduin support for King Abdul Aziz, who the basis of his family's longstanding championship of Wahhabi revivalism.

Religion was invoked to induct the Beduin into working hard to cultivate the land, a pursuit to which they did not adapt readily. In some ways the indoctrination was too successful, leading the tribesmen to adopt Wahhabism so fanatically that they tried to conquer neighbouring countries and convert their inhabitants forcibly, to the King's embarrassment. In 1929-30 he had to subdue them by military means.

With the authority of the throne fully consolidated and the modernization of the Saudi state proceeding at a rapid pace, the aim in settling the Beduin now is primarily economic. The concentration here is on raising the productivity of their livestock breeding (and consequently their incomes) and integrating them into a modern state in areas such as health and education.

According to Saudi Government figures, nomadic tribesmen number about 635,000 people, or some 10 per cent of the population. In view of climatic conditions and methods of nomadic grazing, these few people are almost the only users of about 90 per cent of the country's land area. There is estimated to be a net annual

decrease of 2 per cent in the Beduin population due to urban migration.

Accurate statistics for the nomadic population are difficult to obtain both because of the problems of organizing a census and because there are varying degrees of nomadism. "Pure" Beduin are a success of breeders who are completely nomadic. Beduin take a step towards becoming settled when they go over to raising sheep, which ensure higher profits but lack the stamina of camels for long-distance desert grazing.

Many tribes exist in various states of semi-nomadism, being partially dependent on nomadic grazing and partially settled on land. As for providing social services, the Government has to consider these tribes as posing Beduin-type problems, even though they may no longer be considered Beduin in the strict sense.

The kingdom's new five-year development plan aims at the improvement of social and economic conditions of the tribes through continued application of certain principles pioneered by King Abdul Aziz and developed later by King Faisal. It should be recalled that when he founded his kingdom, Abdul Aziz claimed to be King of the Beduin of Arabia as a whole, and not fairly recently most Saudi citizens were still nomadic Beduin.

Consequently Saudi Arabia differs from many other Arab states in not regarding tribalism as a totally undesirable phenomenon to be relegated to the past as far as possible. Saudi planning aims at the modernization of tribal society rather than its elimination, and recognizes the value of preserving those aspects of it which are positive, such as its social solidarity.

Beduin settlement schemes do not, therefore, seek to remove the tribesman from his environment to add to the urban unemployed, but rather to develop that environment and make its economy more productive. The settlements are established on, or as near as possible to, a tribe's original grazing land.

Saudi planners have also learnt from a grave error of past Beduin development efforts in the Arab countries: that of encouraging tribesmen to abandon their traditional profession of livestock rearing for crop farming. This caused havoc in the early days of the Ikhwan settlements, leading to economic hardship for those who could not adapt, while needlessly wasting valuable skills accumulated by the tribesmen through generations of experience.

The Wadi Sirhan scheme in northern Saudi Arabia was a case in point. Many Beduin joined this crop farming scheme in 1957-58 only because of drought in their grazing areas, going back to livestock rearing when normal rainfall returned. They did not make a success of growing crops and grazing land and had to be subsidized with government grants. Later the Wadi Sirhan scheme was supplemented by a project to improve grazing land, enabling the Beduin to practice their original skills.

Modern schemes under the five-year plan (to be carried out by the Interior Ministry's Beduin Development Agency) envisage such measures as the improvement of the Beduin livestock and grazing land and the establishment of marketing co-operatives. The tribal system, with its principle of common land ownership, could readily be modernized into a cooperative pattern, which accords with Islamic ideas on economics.

On the social level the Government is planning to expand its mobile clinics to serve the nomadic population in addition to regional hospitals for the treatment of serious cases. The Beduin Development Agency is said to envisage boarding schools for Beduin children, presumably considering that these would provide more stable educational conditions than the alternative of mobile schools.

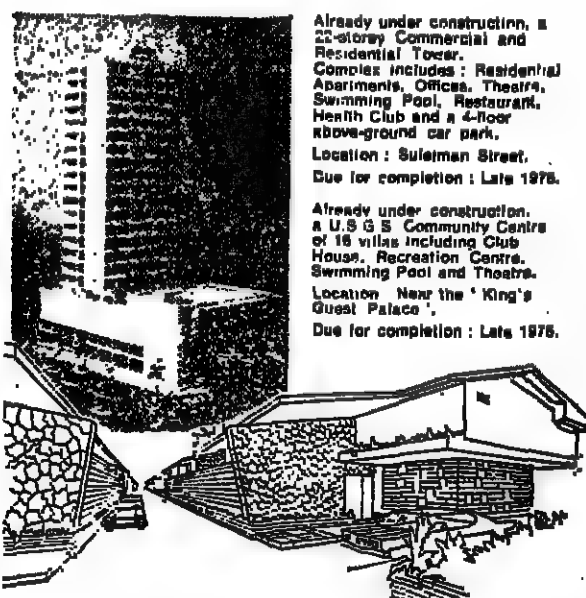
The settlements established by King Abdul Aziz, where the population is sufficiently stable for regular attendance, have had schools for several years. Special educational radio programmes in tribal dialects are also being undertaken and the adult literacy campaign is being pursued. Literacy courses are short and intensive, since the pupils do not stay long in one locality.

Saudi Arabia may thus be expected to proceed with Beduin settlement in a balanced fashion, allowing for the diversification necessitated by Arabian conditions.

At the same time the Government will continue to offer facilities such as free grants of land, seed and other necessities as well as advice, veterinary services and interest-free loans to those tribesmen who opt for more settled methods of farming. Experience has shown that it is generally the Beduin themselves, rather than a central government, who know best to what degree they should become settled and what type of farming they can most profitably adopt.

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Airline takes off on back of oil boom

by Arthur Reed

the national airline of Saudi Arabia, started 30 years ago when a D. Roosevelt, President of the United States, visited the country with a liner with which to internal services. That as retired only a few ago, but the airline now includes the modern jets—and will have added to the version of the wide Lockheed TriStar air-

rich most other air- the Middle East, progress was slow years after the Second War, but has accelerated in the decade. The DC 3 pre- by the American Pres- and several others of the type, linked Jid- yadh and Dhahran, when international bus- began in the they were mostly to Arab states within the

International expan- sion in 1963 when acquired two Boeing 707s. The airline became an Arab carrier to major operations out- Middle East. Today it flies to 30 countries. In internal operations, it has acquired inter- national operations. By 1973, national operations those inside the

rapid growth is in the numbers of jets carried. In 1970 it was 603,000. Last year it was 1,478,000. It had difficulty mak- ing its earlier years ration because of its to provide speedy air links over the eq miles of national area, much of it desert, in which land journeys are long and uncomfort- But in spite of this, began to make a pro-

fit in 1973. This year it expects to finish in the black and to be able to do without government subsidy. The management of the airline, comprising a mixture of Saudis and executives from the United States air- line Trans World, see Saudi- as an instrument to serve the industrialization of the country. There is little doubt that Saudi has taken off on the back of the oil boom.

This rise in the space of three decades from a virtu- ally unknown carrier to one of the most potent forces in world aviation today has been greatly assisted by a stable, continuity of management, largely under the direc- torship of Shaikh Kamil Sindt. He played an important part in the choice of jet equipment for the airline. His deputy director-general is a TWA man, Mr S. W. Chambers, and three of the next five vice president posts are occupied by TWA nominees. Of the 5,200 employees of Saudi at the time of writing (the number is forecast to rise to 7,500 by the end of this year) roughly one in three is a foreigner.

TWA personnel are expected to number some 500 by the end of the year. In addition, so management, they are spread through such de- partments as operations, mar- keting, flight crew and flight training. About 2,000 other employees by the end of this year are expected to be for- eigners from many countries. A plan by Kamil Sindt to "Saudiize" the airline has made some progress, but is now being held back by the sheer weight of the forces of expansion which have Saudi in their grip. The need for large numbers of new personnel is seriously outstripping the ability of the Saudis to train their own nationals in this exacting field.

A cadet programme star-

ted in 1968 accepts 40 Saudis each year for training for careers in the airline. They complete a two-year curriculum to finish their high-school education, and then receive special training while working in various positions in the airline. Some are sent to college in the United States out of the budget of about £1.7m which Saudi spends each year on training in America.

Many former cadets now occupy high posts in the air- line and many others will undoubtedly take over from American staff as the expan- sion forces slacken and the programme to Saudiize accelerates.

One of the main reasons why so many nationals of other countries are em- ployed is the exclusion of women from most jobs under Saudi Arabian tradi- tion. For instance, all the airline's stewardesses are foreigners, most of them from Lebanon.

Saudi's fleet consists of seven Boeing 737s, used mainly on the internal routes, two Boeing 707 320Cs, one of which is used as a freighter, two 707 120s and two Boeing 720Bs. Later this year two TriStars and two more 707 320Cs are due to be added to the inventory, while two more TriStars and a 737 are on order for delivery in the years immedi- ately ahead.

The airline is said to be negotiating with Lockheed for the purchase of two further TriStars to be added to the fleet in 1978 and 1979. Saudi was the first airline to order the long-range ver- sion of the TriStar, an enab- ling Rolls-Royce to go into production with its more powerful RB 211 engine, the 524.

The second two TriStars will be fitted out as assembly line with 524s, and the first two will have their less powerful engines replaced

by 524s later. A contract under which British Airways will carry out major main- tenance on Saudi's TriStars at its engineering base in Britain is expected to be signed shortly.

In addition to its own fleet, Saudi goes in exten- sively for the leasing of air- liners from other operators. There are two main reasons for this policy: to test out new routes without commit- ting large capital sums, and to provide seasonal capacity. This year the airline has leased a Boeing 707 and a 720 from Ethiopian Airlines and three smaller, jet-prop Fokker/Fairchild F27s from the American airline Hughes Airwest, the latter for use on the domestic services in place of four DCs which have been grounded.

Seasonal capacity is essential because of the peaks im- posed on operations by the Haj religious festival, and by the movement of teachers.

The Saudi policy on the Haj traffic has been to wel- come (that is, with flight and cabin crews) airliners to carry up to 80 per cent of the pilgrims, so enabling its own aircraft to stay in normal service. Even so, Saudi transported 28,000 Haj pas- sengers last year. With the extra capacity offered by the two TriStars, the plan is to increase Haj traffic to 65,000 passengers this year.

The teacher traffic moves into the country in August and out again in June, largely to and from Egypt, but with many other countries provid- ing the staff to man Saudi Arabia's thriving classrooms. Saudi has learnt to cope with some 28,000 additional passengers in each direction as the educational year be- gins and ends.

Most of the rest of the pas- sengers transported annually by Saudi are businessmen whose visits to the country are largely a result of the oil boom. Tourist traffic hardly exists at present.

Although many other inter- national airlines fly into Saudi Arabia, there is a big incentive for the business- man hoping to open up or expand his activities there in booking through the local airline—help in obtaining visas or in combating the sometimes formidable bur- eaucracy, for instance.

The management of the airline plans to expand its carriage of the businessman, hoping that in time Saudi Arabia will take over from Beirut as the centre in the Middle East from which most business trips begin. The Saudis hope to pick up more businessmen in Europe on direct flights to their capital, in the United States, where most of the new technology which the country is using originates, and in the Far East, particularly Japan and Taiwan.

Saudi hopes to begin a service to the United States by the beginning of 1976. Meanwhile, the airline is opening offices in New York, Houston and Los Angeles. Freight traffic from the United States should be ex- tensive, and the forecast is that it could support before long Boeing 747 jumbo jets in a combination passenger/ cargo cabin layout. The main problem on the freight side of the operation is finding return loads, for while Saudi Arabia is a great exporter of goods, very little produce other than oil goes out.

Although there has been such a massive expansion re- cently, Saudi senior offi- cials feel that the growth in the future will be even greater. Far more Saudis are expected to fly to hol- idays abroad as their wealth grows, while in the longer term, the Red Sea coast could prove one of the most popular tourist spots in the whole Middle East.

The author is Air Corres- pondent, The Times.

Arms: winning friends and petrodollars

by Henry Stanhope

Last count, Saudi was devoting nearly 10 per cent of its gross national product to defence, £75 for each inhabitant. Seven increases in the budget during the last four years had it into third place in the unofficial league of the world's biggest spend- ers on arms—in relation, is, to size and resources. Israel and Egypt, for us reasons, were spend- ing more of their gnp on armed forces.

In that position, dis- in statistics pub- lished last year by the Inter- national Institute for Strat- egies, likely to be finally upset. Since 1960 deal signed with two years ago, involv- ing supplies and, more par- ticularly, technical know- ledge, to overhaul the air- line Saudis have com- mitted more big con- tracts of them with the States.

American deals have since one signed early last year to supply equip- ment and skill for the ex- of the small Saudi. The contract is said to have been worth about \$100m. Then, still more sig- nificant, came a \$110m for Hawk anti-air- craft missiles, part of a pro- gramme to extend the range of the complex of defence stations which like a capital T the country—with a batteries running in the Red Sea.

An agreement with

the reequipping of the National Guard with, among other things, armoured personnel carriers, anti-tank guns, 105mm howitzers and anti-aircraft missiles, and also for training. Finally, in January this year the State Department in Washington confirmed the purchase by the Saudi air force of several squadrons of Northrop F-5E Tiger jet fighters, worth about \$350m. The deal also included arrangements for the supply of back-up equip- ment and for the training of aircrews.

Also in January, the French, who have been cultivating the Saudi Arabian market assiduously since the oil crisis after the 1973 Middle East war, announced a \$370m contract—the largest single arms deal for France since 1970. The amount has been greeted with some reserve by other western countries because the total is thought to encom- pass a series of smaller con- tracts negotiated during the past year or two.

However, it is generally thought to include a large amount of new equipment too, including Crotale and aircraft missiles, anti-air- craft guns and AMX-30 tank chassis. Equipment which had already been ordered and which France is thought to have included in the total figure, in part at least, consisted of 36 Mirage-111 aircraft, 150 tanks and a few ships.

All these contracts add up to a massive injection of arms into the Saudi inven- tory, and reflect western eagerness to win not only petrodollars but also the

good will of the Saudi Gov- ernment. The obvious ability of the Saudis to pay for their shopping with cash rather than credit, partly explains the anxiety of western governments to become involved. But the second argument, concerning policy decisions, is the more im- portant of the two.

The most graphic illus- tration of this was provided by the Pentagon's decision to allow members of the Saudi National Guard to be trained by an independent American firm, the Vinnell Corpora- tion, they may better be able to defend the coun- try's oil wells. About \$32m out of the \$140m contract will be paid by the Saudis to the Vinnell Corporation. In return the corporation's mili- tary experts, a total of 1,000 men, will help to train three newly-mechanized infantry battalions of the 26,000-strong National Guard—each battalion containing about 1,000 men.

The irony of the contract was that it was signed at about the same time as the United States was making veiled threats about using force to seize the oil wells and associated pipelines in the event of another Arab oil embargo. In fact, as has been demonstrated by mili- tary analysts on a number of occasions, the Americans would find it extremely diffi- cult to conduct an effective military operation against the oilfields, and it is unlikely that the Pentagon would seriously contemplate carry- ing out such a threat.

But the unfortunate timing of the announcement pro- voked some hostility in Congress and forced Dr James Schlesinger, the Defence Secretary, to make a spirited defence of the policy de- cision. Its chief interest is the way in which it demon- strates the high priority which the West is now

according any moves likely to improve relations with the Arab kingdom.

The obvious question to ask concerns the use to which the Saudis might want to put the new array of western arms. To this there is no easy answer. Israel remains the traditional enemy and two Saudi brigades stationed in the north Middle East combat area, one in Jordan and the other in Syria, testify to the determination of the Saudi Government to identify with the anti-Zionist cause. On the other hand, although Saudi troops were involved to some extent in the October war, fighting on the Syrian front, the chief Saudi con- tribution to the Arab cause has been financial rather than military.

The determination to resist Israel is matched by genuine anxiety to limit the growth of Soviet influence in the Middle East. Thus one aim of the Saudis is to work towards a solution of the Arab- Israeli conflict, because this provides the Russians with a foothold in the region.

The other is to lessen Arab dependence on the Russians by providing the finances for protagonists like Egypt to buy arms from the West, rather than accept military aid from the Soviet Union—and where possible to en- courage the growth of an in- digenous arms industry.

There is little doubt that Saudi petrodollars are help- ing the Egyptians to pursue their arms deal with Britain, which involves setting up fac- tories in Egypt to produce the Hawk jet aircraft and the Lynx helicopter. Still more significantly, the Saudi Government recently joined in a \$400m joint industrial combine with Egypt, Qatar and the United Arab Emi- rates to establish an arms co- operation in the Middle East with headquarters in Cairo.

and branches in the countries involved.

The Saudis obligingly see themselves as western gov- ernments see them, as a stabilizing force in an unstable world. Not only are they among the principal, unofficial trustees of most other people's fuel supplies—and hence a powerful influence upon national economies, but they embrace a form of gov- ernment which is vulnerable to a groundswell of revolu- tionary influence in the Middle East. Relations with their powerful neighbours have improved recently—for example with Iran, if only because they have discovered a common cause. Both countries are seeking to preserve what they have got in an age which seems to have other ideas.

Thus the 36,000-strong, all- volunteer army, which seems loyal enough, is balanced against a National Guard which is almost as strong, or according to some estimates even stronger. The division of responsibilities is that the army, the largest component in the 43,000-strong combined Armed Forces, looks after external security while the National Guard, composed largely of Beduin tribes known to be loyal to the royal regime, guards internal stabl- ity. It is balance is perfectly preserved, to the extent that the army is provided with tanks, the National Guard with anti-tank missiles.

The wide dispersal of the army throughout Saudi Arabia can be partly ex- plained by Saudi preoccupa- tion with the main theatre of Arab-Israeli combat. Thus about a fifth of the troops are concentrated at Tabuk near the Jordan border in the extreme west of the country. Another large military complex is 600 miles away at Hafar al Batin, near the border with Iraq. But there is also no doubt a deliberate policy of separating as much as possible a force which could become a focus for revolutionary aspirations. This is also perhaps behind the decision to keep two brigades in Syria and Jordan, where their contribution to the Arab military machine is probably moral rather than material.

The air force, which has already bred at least one plot against the Government, has only 5,500 men and 90 combat aircraft, and it is assumed that the Mirages bought from France are ulti- mately destined for Egypt. The navy, in advance of plans for expansion under American guidance, is smaller still with only 1,500 men and little more than a handful of patrol boats and British-built SR.NC hover- craft. A squadron of hover- craft operates in the Persian Gulf and another in the Red Sea, but their duties resemble those of a coastguard more than a navy.

The status of the Armed Forces is quite high in Saudi Arabia, and reflected by the high proportion of the Royal Family who have entered one of the three services. The influx of high-grade western equipment is likely to raise that status still higher. But the Government has an obvious interest in ensuring that it does not climb too high too quickly.

The author is Defence Correspondent, The Times.

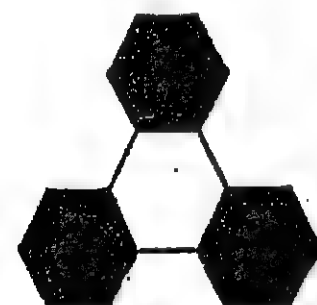
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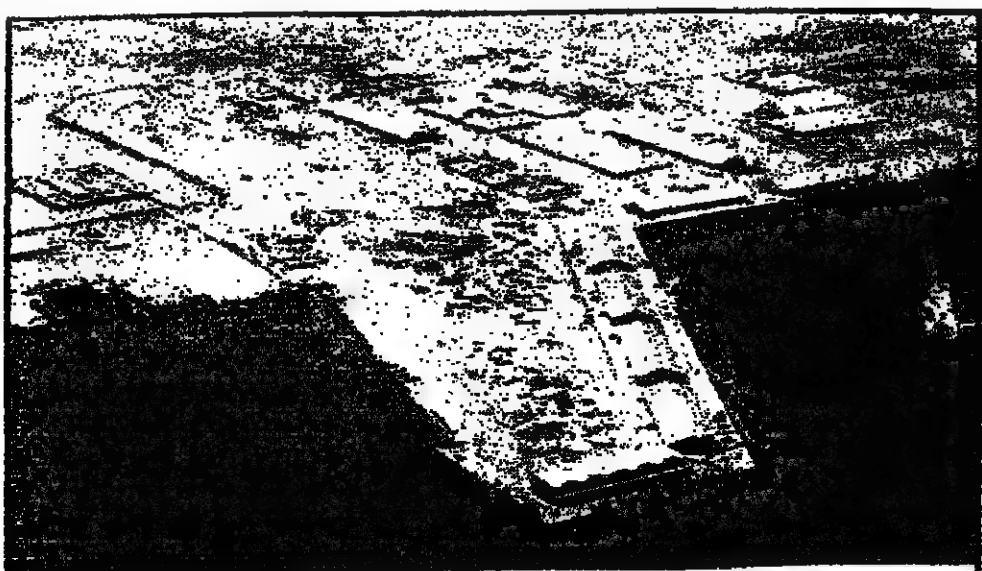
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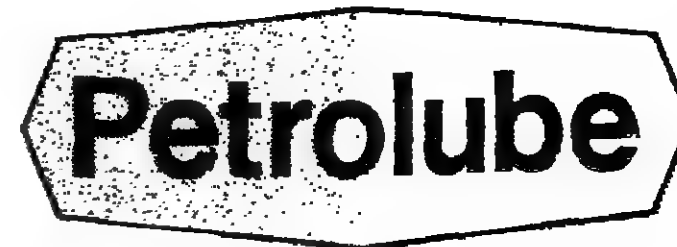
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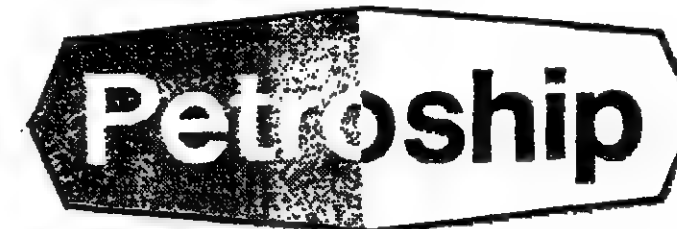
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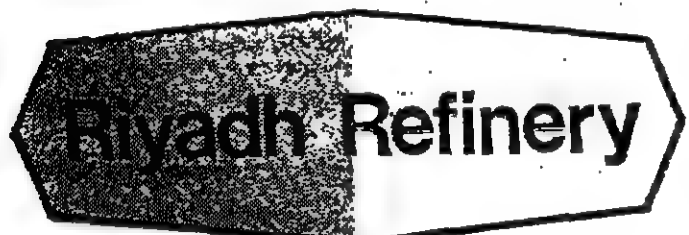
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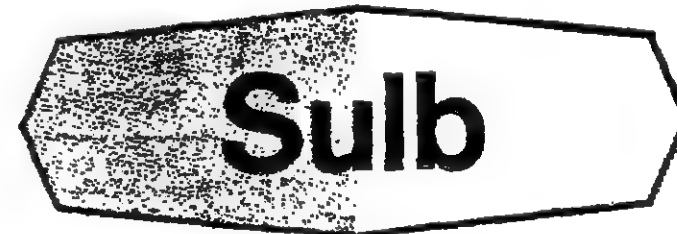
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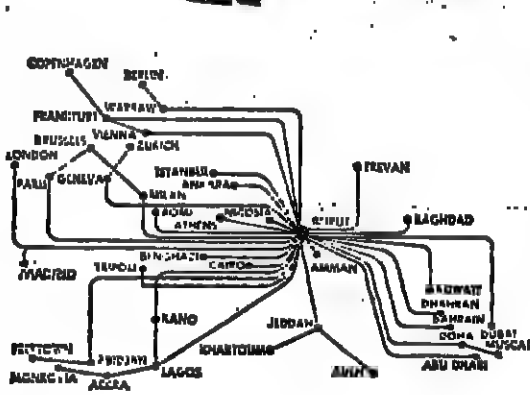


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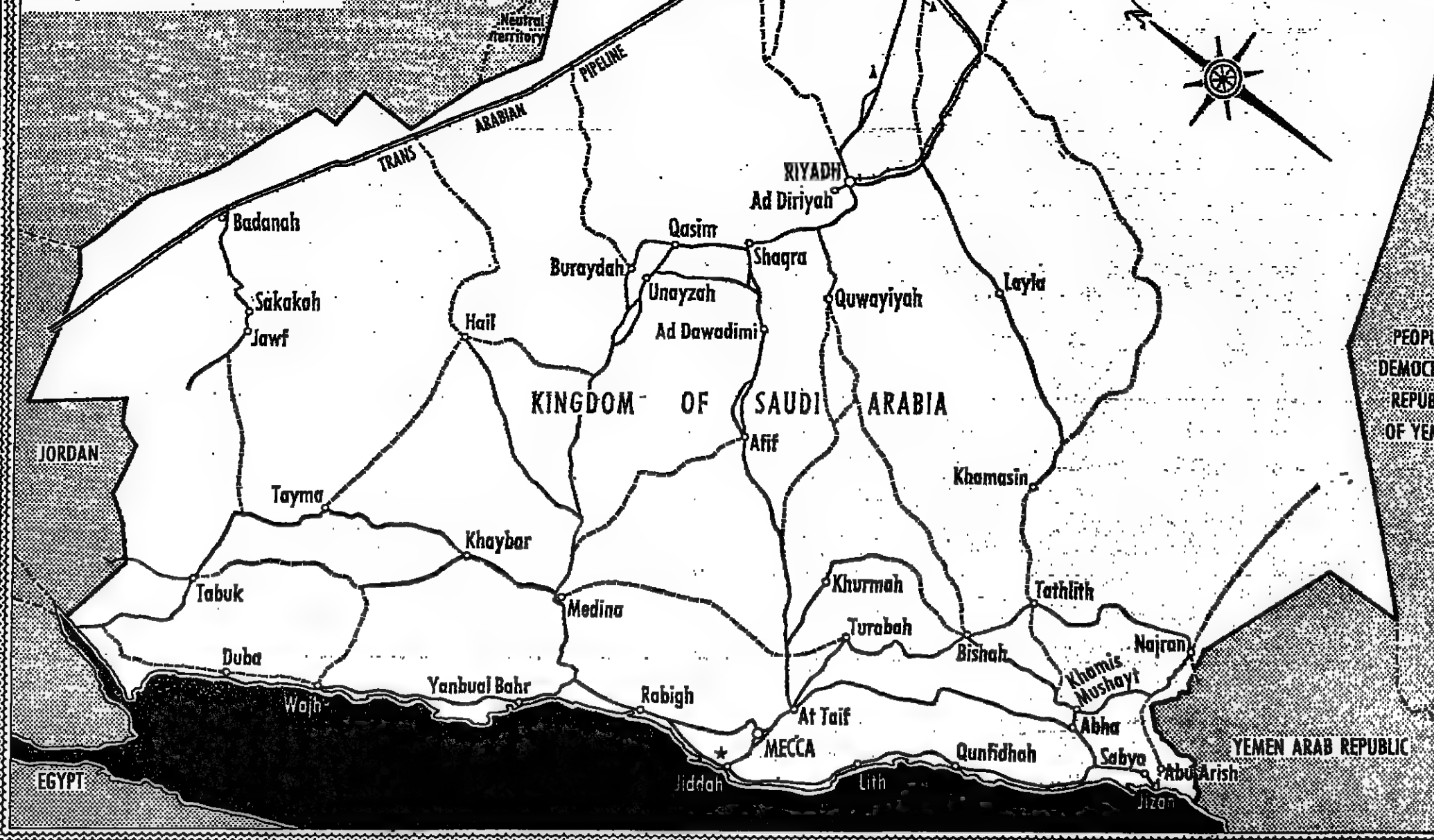
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More roads needed as wealth grows

by Peter Evans

Some years ago a traditional Arab shaykh, when discussing roads, replied: "What do we want roads for? They'll only hurt the camels' feet."

Saudi Arabia, however, because of its vast size and difficult terrain has been transformed by modern means of communication. The national airline established in 1945 and then the roads have been essential factors in achieving national cohesion linking the many remote areas of the kingdom and the commercial centres in the eastern and western provinces with Riyadh, the capital. Now, with the country's ambitious programme of industrial and agricultural development under the new 14,000-mile five-year plan, expansion of the road network, serviced by more efficient ports, has become a top priority.

The proposed new roads inevitably reflect the other provisions of the plan and concentrate on improving and providing communications with the main areas of development. In addition, special funds have been allocated for further improvement of the pilgrim routes to the holy places.

From Riyadh there are to be additional links with the Persian Gulf to augment the existing main road by way of Al Mubarratz, especially to the new port which is planned at Jubail, with a possible extension via Harad to the United Arab Emirates. This extension has been made even more likely by the territory recently ceded to Saudi Arabia, giving the kingdom a new access to the Gulf between Qata and the Emirates.

In the Eastern Province the plans for an industrial complex, based on Jubail, will involve a number of roads linking the new projects, Jubail and other towns in the area.

To improve communications between Riyadh and the Red Sea, a road is under construction running south-west from Riyadh to Al Quwayyah. It will probably branch right to join the Shaqra-Taif road and left to join the Taif-Khamsin-Mushayt road at Bisha.

The provisions for pilgrims, who are expected to number 1,500,000 next year, include 21 new roads in and around Mecca and 57 km of pedestrian approaches to the holy places.

Other plans for the west are to link many of the smaller towns in the area with ports along the Red Sea coast. This will relieve the present congestion at Jiddah and tie in with projects which are being considered for the industrial development of such ports as Yanbo, Al Wajh and Duba. These ports will be connected by the new Red Sea highway, now under construction, thrusting north to Jordan and south to Yemen.

A big new area of development is the south-western province of Asir which borders Yemen. Communications are needed between the main towns in the area and with the north in order to realise its agricultural potential and the plans for a tourist project at Abha, the provincial capital. A principal new road is, therefore, being built from Jiddah, through the mountains to Taif and then to Abha and Jizan, a challenging engineering project. Another possible link is from Khamsin-Mushayt by way of Tathlith to Al Khamsin.

Big increase in port spending

The Saudi Government is clearly conscious that its road system must keep pace with the country's rapid progress to cope with the increasing influx of goods made possible by the rapidly accumulating wealth from oil revenues and to link and service the main areas of development. The 1974-75 budget for ports and roads rose by 86 per cent to £440m and £2,800m has been allocated in the new five-year plan.

Much has already been achieved and the kingdom has more than 11,000 km of asphalted roads. In 1954, when the Ministry of Communications was created, there were less than 200 km of surfaced roads in the whole country.

It was not until the early 1960s that the main highways were begun. First, Riyadh was linked by road to the Persian Gulf ports and oilfields in the Eastern Province and several years later

to the Red Sea port of Jiddah in the west by a 1,000 km highway.

Other important links in the existing network are the road from Dammam to Kuwait, the Tapline road to Jordan, and the extensions of the Jiddah-Medina road to Jordan, and by way of Buraidah and Qasim to Riyadh.

The five-year plan hopes to extend the present network by possibly a further 14,000 km, and to have another 10,000 km at the design stage by the end of the period.

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Lone railway has growing value

Interesting other projects which have been discussed are a road/bridge link to Bahrain and a road from Mecca by way of Medina and Rai to Najaf along the centuries-old pilgrim route to Iraq.

The only existing railway in the kingdom is between Riyadh and the Persian Gulf port of Dammam, built by the Arabian American Oil Company in 1951. Its importance declined with the completion of the improved road and air links to the capital, but increasing industrial activity has revived its significance. In 1974 five new locomotives and 100 more freight wagons were ordered.

A team of consultants is studying the future role of rail transport. There have been suggestions of extending the line up the Gulf coast to Kuwait, but the more likely proposals would be a link from Dammam to Dhahran and another between Jiddah and Mecca. The old Hijaz railway,

blown up by Lawrence in the First World War, is unlikely to be restored after work on it was stopped during the 1967 Arab-Israeli war.

All the kingdom's main ports have begun large expansion programmes during the past few years. Jiddah is Saudi Arabia's biggest

port and serves the western part of the country as well as being the point of entry for most of the pilgrims, with increasing demands. The present expansion will raise its annual capacity for handling dry cargo from 1,200,000 tons to two million tons to serve Medina, and Jizan to serve the Asir province. Congestion, however, is a serious difficulty there and the largest commercial port

in the country's other ports, and Ras Tanura is oil shipping terminal. Dammam continues to expand, 60 miles far at Jubail a huge new million dollar oil petrochemical and pier planned there facilities are expected more than £180m.

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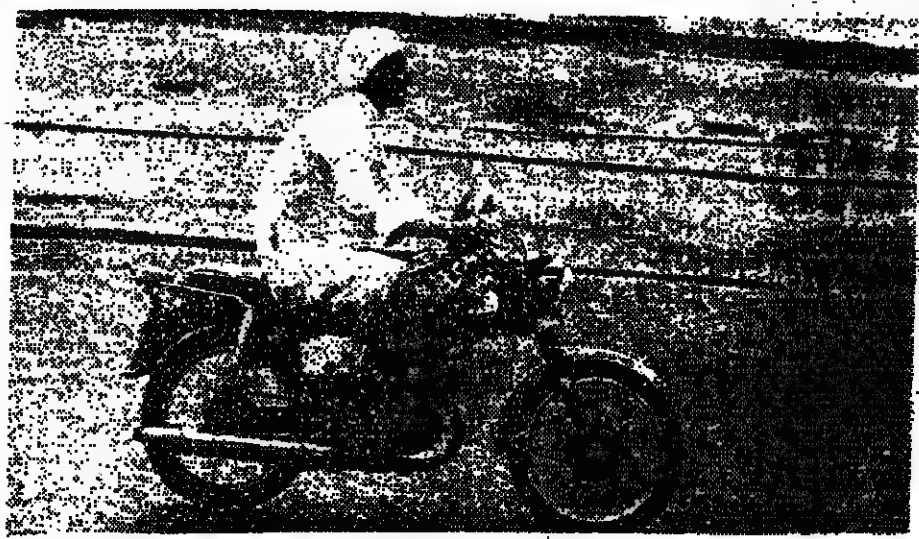
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The search for water

by Pearce Wright

There has been unkind to Saudi Arabia. No useful water supplies exist in the provision of one of the vital ingredients for the life of the country. The quality of the water varies greatly in some of the larger public waterworks only at certain times of day. Not surprisingly, the absence of surface water and rivers, Saudi Arabia is sometimes regarded as a desert. It possesses vast mineral-rich territories with careful irrigation and water resources have been used in 10 years from £4m to more than £4m a year. In addition, the same amount is spent through a special arrangement to cover investment in machinery, fertilizers and feedstuffs.

long-term goal is to self-sufficiency in most husbandry and crops. The research institute on founded to examine the resources of a commercially valuable in the Red Sea. Yet it is animal husbandry and crops or horticulture, of water require is an important issue new projects.

extensive surveys showed the existence of subsoil water reserves in an area as Haradh, about half-sweet Riyadh and Al-Bah. About 10,000 acres developed by the Govt at a cost of more than £2m for cattle breeding many of the schemes aimed in parts of the where water supplies been exploited for a time.

One of these, the Al Hassa are exploring the potential of building nuclear power plants for desalination purposes in the long term. Desalination equipment has two objectives: to provide supplementary supplies to maintain a constant flow of water as conventional storage systems diminish, and to reduce dependence on subsoil water that may be inadequate in the future to keep pace with economic expansion.

Some surface water exists in the kingdom, and in the Qatif district, irrigation and improvement works had an important side-effect to help to drain water from a swampy area that posed a public health hazard. Malaria is still a scourge in Saudi Arabia.

Over the centuries moving sand has covered extensive areas of arable land and filled many springs and drainage channels. It has been a threat to the fertile oasis of Al Hassa which is surrounded on three sides by shifting sands. Geologists estimate that more than 500,000 tons of sand move each year in a way that could obliterate the Al Hassa oasis over a long period.

Many saplings planted

To stabilize the ground and saplings of tamarisk, acacia, eucalyptus and other strong rooted trees are being planted. An area of 1375 acres was treated this way by planting more than 10 million saplings.

Although many new wells are being developed each year and surveys are being made to find untapped sources, the Saudis are increasingly interested in technological advances such as the desalination of sea water. Red Sea and Gulf towns are the places where desalination seems attractive.

In Europe and America the cost of providing drinking water by this process is far higher than from conventional sources: and the increasing cost of energy is making matters worse even for the most practical desalination schemes, which depend on turning water to steam first.

Plentiful supplies of oil for that sort of special-purpose boiler plant remove such difficulties for the Middle East in the short and medium term. Nevertheless the

Over the past 10 years the Saudis have become one of the world's biggest users of electricity for "sweetening" seawater. A plant was opened at Jiddah five years ago to produce five million gallons a day and also to generate 50,000 kilowatts of electricity.

In two towns, Al Wajh and Dhahran, to the north of Jiddah on the Red Sea, there are small plants, each producing 63,000 gallons a day for the water supply company. On the other side of the country, at Al Azharyah on the Gulf, a plant capable of treating 7,500,000 gallons a day feeds into the network to supply towns of the Eastern Province.

Plans are under way for a new scheme to provide 10 million gallons a day and also 50,000 kilowatts of electricity at Jiddah. Other big plants will follow. However, the demand for small capacity units of about 120,000 gallons a day are equally important for the small towns and groups of villages dispersed round the coastline.

In the combined attempt at agricultural and water resource development, the Government has signed an agreement with the University College of North Wales, Bangor, for a research and development programme. It is the second project between the two. The project, covering the next three years at a cost of £370,000, requires specialists from Britain to undertake advanced research and experimentation in agriculture as well as more routine practical farming from which Saudi personnel can learn.

The project is based at Hail, 120 miles inland from the Gulf in an extremely arid zone where crop production depends on irrigation from water drawn from subterranean aquifers. Supplies from this source have enabled 100 acres of virgin desert soil to be reclaimed. It now supports a large herd of Jersey cattle, smaller herds of Friesian recently imported from Britain, local Zebu cattle and two breeds of sheep.

Combining the strength of two of Britain's largest construction companies with that of an old-established Saudi merchant family, the LWA grouping demonstrates the calibre of resources required to obtain a share of the market.

Apart from that group, the contribution of Britain's construction industry to Saudi Arabia's development has

Saudi Arabia's latest five-year plan makes it potentially one of the biggest construction markets in the world. There is no doubt of the immense demand but how far British contractors will make use of the opportunity is open to question.

The key to Saudi Arabia's economic strategy is its plan to diversify its industrial base, heavily concentrated in the Eastern Province bordering the Arabian Gulf. It is largely dependent on petroleum which accounts for 85 per cent of the national income.

One of the aims of the new plan is to promote the spread of industry into other regions. An enormous programme of port expansion, airport development, road building and pipeline construction is being undertaken as the counterpart of this ambitious expansion.

There are also large-scale housing programmes in train, together with plans for education, medical services, roads, water supply and sewerage.

An important source of construction orders will also derive from the kingdom's high level of defence expenditure, which continues to have priority in Saudi Arabia's development plans.

Key role in new runways

Creation of the national air defence system using British aircraft and equipment provided the first big opening for the British civil engineering industry. It led to the formation of the LWA consortium which has played a key role in building the runways and structures associated with advanced military hardware.

Combining the strength of two of Britain's largest construction companies with that of an old-established Saudi merchant family, the LWA grouping demonstrates the calibre of resources required to obtain a share of the market.

Apart from that group, the contribution of Britain's construction industry to Saudi Arabia's development has

Five-year plan to build a better future

by John Allen



New buildings go up in Jiddah.

not been outstanding. An exception is the Cheshire-based Leonard Fairclough which has secured between £25m and £30m of contracts for the Hail civil airport 800km north of Riyadh.

The firm is working with a major Saudi public works contractor in development of the 1,000km Jiddah-Taif-Jizan-Yemen road. Fairclough has a sub-contract to build 25 bridges in a mountainous area along the strategic route.

Recently Streeters of Godalming won a £9.5m order to build 150km of small-diameter sewer in open-cut trenches.

Others have tried to establish themselves but have found the going hard. For Saudi Arabia does not represent the classic export market where a strong home-based construction industry is absent. On the contrary, the biggest Saudi general contracting firm is reputed to have the largest holding of Caterpillar plant in the world, running to more than 700 machines, of which 175 are said to be the big D9 tractors.

Backed by men of wealth and influence, Saudi firms are well placed to secure the bulk of the bread-and-butter jobs. To help it better to compete LWA has been incorporated under Saudi law. One of the first jobs tendered for outside the civil engineering area was the £50m Riyadh University medical faculty.

In the event, that contract went to a German firm, though design and equipment is being handled by a British group of consultants.

LWA has, however, secured a notable success in winning the £20m contract to build the first stage of Abha civil airport, south east of Jiddah. It is one of a number of big projects being put in hand to strengthen the vital internal airlines system. When finished the runway at Abha will be 3,600 metres long and other airports of similar size are planned elsewhere.

Similar facilities will be built at Taif and Tabuk; an international airport is being planned for Riyadh, and the new international airport at Jiddah is under construction by a German-led consortium.

Winning contracts in Saudi Arabia is a matter of time and patience in the initial stages. The export side of the British contracting industry has a tradition of working under internationally recognized conditions of contract.

In Saudi Arabia, the kingdom's elaborate tendering rules take precedence and price increase clauses and arbitration are unknown.

In times of rapid inflation British contractors are more than ever wary of taking on jobs at what are in effect fixed prices. In face of worldwide inflation it is believed the Saudi authorities are ready to make concessions.

The sheer scale of some of the projects is also beyond the range of many British companies whose financial strength is often limited by a narrow asset base. An example of scale is the industrial complex being planned at Jubail, 90km north-west of Dammam on the Persian Gulf.

A development contract for the multi-thousand million pound project is being negotiated with the Bechtel Corporation of San Francisco, one of the largest engineering and contracting organisations.

Tenders were recently invited for the dredging and reclamation work needed to create the new port of Jubail. The massive job has been let to a Dutch group at a reported price of £128m. Contracts of that size are open only to a few inter-

national firms with the equipment and resources to pour in to support Saudi Arabia's ambitious development plans.

Schemes for diversifying industry include a second industrial complex at Yanbu, in the Western Province, which will have an oil refinery producing for export, petrochemical plants, a refinery for lubricating oils and a cement factory. It will be connected to Jubail by pipelines, one for oil and the other for gas.

Pipeline connections are also envisaged between other main centres of industry. Yet the Saudi market needs a firm decision to succeed and the resource to keep men in the field for a year or two before winning any useful jobs. Even then it will be work, contributing to profitability.

Overseas contracting markets are restricted to a few companies of the required strength. So far only a handful of those have felt that Saudi Arabia is really worth the effort, but all who have tried say the effort has been well worth while.

Potential in Saudi Arabia for the world's contracting

industries is therefore vast. The ability of the British construction industry to take its share is governed by its capacity and existing commitments. It is already heavily engaged in its trade. Commercially, the Saudis and its various heads of state, notably Iran and the United Arab Emirates.

The Government-sponsored move to set up a Construction Experts Advisory Board may help in assembling resources for selected projects. But there is still the inherent difficulty created by wide differences of attitude and method. Tackling the Saudi market needs a firm decision to succeed and the resource to keep men in the field for a year or two before winning any useful jobs. Even then it will be work, contributing to profitability.

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The author is editor, Construction News.

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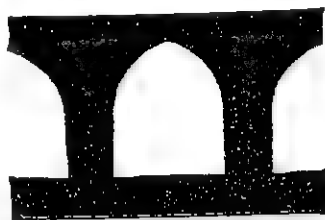
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Training second only to defence

by Tim Devlin

Men may not serve God and 3,574 schools for 574,576 boys. The first five-year plan has exceeded its targets of enrolling 530,000 boys (probably two thirds of the boys in the country) and 271,000 girls (one third). But the rapid increase has not been matched in quality and the schools not so much built as rented. Houses, farms and stores have been converted, even former prisons taken over in the desert. About half the schools are in temporary buildings and will have to be replaced.

Rural schools in Jizan and Asir are often forced to close for several days by rain as their mud roofs let in the water. There is neither heat nor light. Schools are often inaccessible except on foot, and ministers have been known to complain of their vehicles turning over several times before they can get anywhere near them.

The new five-year plan allocates a block sum of \$9,000m for education and manpower training. This places education second to defence on the list of priorities. It is currently being fourth. From a rate of one school every three days, the school envisaged one being built every two days.

The first Arab school was built in Jiddah in 1900 but there was felt to be little need for education before the unification of the kingdom in 1932, and even in 1958 four years after the Ministry of Education was set up—it was claimed that there were only 20 primary and secondary schools worthy of the name.

The impetus dates from the time of the accession of the late King Faisal and the adoption of the first five-year plan in 1970. During the 1960s the number of schools crept to about 2,400. Now, according to Prince Khalid, there are

education. Figures supplied by the British Council showed that one fifth of the 85,000 boys who entered primary school in 1968 had dropped out after the first year. Nearly half had left before the age of 12. And even though more than 32,000 passed the examination only 19,000 went on to secondary school in 1972.

The education system is highly centralized under the Ministry of Education which dictates the same curriculum and syllabus for all schools in the kingdom and approves all textbooks. The teaching is formalized. Primary school classes, for example, echo the rhythmic, stylized changes of the Koran which all pupils expect to learn by heart before the age of 12.

There are yearly reading examinations and those who fail have to repeat the year. The schools are plastered with exhibitions of children's art in which texts are featured extolling the wisdom of tidiness, punctuality and hard work.

The formal methods are carried on into the two stages of secondary education—intermediate and general. The pupils learn by rote and the teachers teach only what is laid down in the textbooks. The biggest step forward required for the examinations. Last year Al-Yamama School, in Riyadh, attended by dozens of princes' sons, announced that it was to embark on "less formal" teaching methods.

The Saudis are looking to other countries, particularly to America and Britain, for a new plan for curriculum reform. A British consortium of universities and colleges earlier this year put forward a \$10m plan through the British Council, which has a base in Riyadh. It includes a network of educational television. The fate of the plan is not yet known but the Saudis are keen to go ahead with changes in mathematics, science and the English language.



Kindergarten in Jiddah.

courses as soon as in temporary buildings possible.

The country suffers from a desperate shortage of teachers in these subjects. English is a compulsory subject in secondary school and used almost exclusively in the medical and engineering faculties at the universities. The kingdom also suffers because more than half of its teachers are imported from other countries, mainly Egypt. They are usually of poor quality and only stay for about four years so that the teacher turnover is considerable. The 1972 figures showed that more than 14,000 out of 26,000 teachers were expatriates.

The five-year plan envisages the building of at least three teacher-training colleges and of four university campuses, which have been budgeted at \$1,000m each. Until recently about 60 per cent of the country's undergraduates were paid adjusting his study accordance with the needs of achievement objectives.

Success, as says, is "in God". And we will watch the progress of the country's education with interest.

The author Correspondent

King supports emancipation of women

by Atique Ahmad

Saudi Arabia is one of the most conservative and traditional of the big Arab states. Only 10 years or so ago it had one school for every 10,000 of its four million people. There was no formal education for women and slavery had yet to be abolished.

Now all that has changed. The oil boom has altered this desert kingdom almost totally. Being a social broader, affluence is bringing about changes in the traditional life-style of the Saudis. The Saudis are gradually giving up their nomadic existence for a better life in western style. New towns are being planned, hospitals and schools are being built, roads extended and communication facilities improved.

In this transition of Saudi society, its women are inevitably going to be involved in a fundamental readjustment in their outlook. Their traditional values, social attitudes and upbringing will be put to new and severe tests.

There has been some westernization since the late King Faisal gained power in 1964. Influenced by his wife, Ifrat, he allowed women to be educated in schools for the first time. Although the country and its people retain a strong streak of Muslim puritanism, Muslim fundamentalism, which runs through life in Saudi Arabia, bars women from contact with men outside the family circle.

There are strong indications that Saudi women are beginning to emerge from the orthodox role, which has so far confined them within the walls of their homes. The pace of social transformation is slow and limited but positive and steadily growing. Recently they were allowed to take up jobs as radio and television announcers and commentators. It is maintained that these positions do not entail any contact with men outside the home.

Entitled to buy and sell

Women are not allowed to drive motor vehicles but a draft law is on the way which would allow foreign women to drive in Saudi Arabia. Saudi sources predict that local women could get similar rights in a year or two.

Women in Saudi Arabia are involved themselves in any business they choose. Saudi sources claim that there are hundreds of businessmen who prefer to run their business affairs through the male members of their families.

King Faisal once called in the army to open girls' schools despite the wishes of conservative religious leaders. At present 210,000 girls attend classes (compared with 517,000 boys). Speaking to the Saudi News Agency, Saudi Arabia's difficulties

are enormous. Generally it is accepted that women should acquire education and take up jobs, but a large section of responsible people still hesitate to subscribe to the idea that women's role needs some expansion. There are no signs that the conservative Muslim leadership is deviating from strict teachings on the male-female relationship.

Dr Fays Bader, vice-chairman of the planning organization, believes that women are needed at home where he considers they are playing their part in the labour force. This concept is strengthened by Saudi Arabia, desperately short of manpower, having banned contraceptives after a ruling by the World Muslim League that birth control was invented by the enemies of Islam.

It is argued that the kingdom needs more and more males for work and more and more females to bear and rear children. Saudis are urged to procreate, avoid abortion and reject the pill. Shaikh Hussein Serej, director general of the World Muslim League, said: "If the birth control campaign succeeds, God forbid, Islam would face incalculable consequences on the social, political and military front. The birth of a child is an act of God and people should not worry about feed-

ing their children because God takes care of them". In Saudi Arabia no one has a reason to doubt it. The Government is considering passing a law giving every wife \$31 a month, together with \$25 a month for every first-born, \$18 for every second child and \$14 for every additional child.

It is intriguing that in Saudi Arabia frequently the interpretation of male and female relationship puts specific emphasis on contact between sexes. The taboo on social intercourse between men and women has its roots in the fear that it would contaminate the virtues of the female.

Shaikh Sarwat Saqqa, an official of the World Muslim League, is quoted as saying: "Women constitute the pan where the nation is cooked and we happen to prefer feeding the nation from a clean pan." There is a likelihood that this strong emphasis on female chastity and the guarding of the freedom of imaginative and critical activity of women is encouraged to create social conformity and obedience of the rigorous, defenders of authority and tradition.

It is significant that this pattern of behaviour is commonly practised by the urban middle class of Saudi Arabia while both ends of the social scale are free to adopt adjust in pr-

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Mixed classes at school promised in two years

had to call out the women to man the school. One of the first schools for girls aged six to 12 was opened in Riyadh in 1960. Now the girls are driven to school by car.

The courses for the women students expanded into the Arabic subjects last year for which there were no women teachers. A closed-circuit television centre was opened at the opposite end of the capital and the girls go there for these lessons where they have a chance to question their masters on television by telephone.

A teacher reported that sometimes one saw a deserted classroom with the lecturer carrying on confidently on the television set. At other times the girls reveal how bored they are and that throughout the talk.

A teacher at the villa said: "You have to be very firm from the beginning. You have to treat them like schoolchildren and stamp down anyone who talks. The ones who are clever are bored."

The final examinations are about A level standard and depend entirely on learning and repeating facts. No marks are given for

imagination or initiative. The library at the university is prohibited for women but that does not matter much because all they need is their set-books.

Few jobs are open to women at the end of course. And as the first generation's women students were admitted to universities in Riyadh and Jeddah in 1968—pass their final examinations, which most do, there is among many of them, teachers report, a feeling of despair at the next step. They cannot work in offices.

Fulfil her role as housewife

One teacher said that when Queen Iffa came to open the television centre last year she referred to the frustrations and difficulties which educated women suffer. But she said that educated women meant better educated mothers. They must soldier on.

The 43-page booklet containing the kingdom's latest educational policy devotes less than half a page to women's education. "The object," it says, "is to bring her up in a sound Islamic

way so that she can fulfil her role in life as a successful housewife, ideal wife and good mother, and to prepare her for other activities that suit her nature such as teaching, nursing and medicine."

Last September a medical college opened for 36 women students in Riyadh. All subjects are taught by women except for one course of biology lectures, for which there were no women tutors, and girls go to the television centre. The girls have been culled as the brightest of their sex from all over the country. Aged between 16 and 20, some are married. They live in a hostel and are taken to the college in a special bus every day.

It is here that the great breakthrough in Saudi girls' education—mixed classes with male masters—could happen in two years' time. One teacher said: "They have been promised mixed classes when they get to the anatomy and surgery parts of the course. You cannot really do dissection on closed-circuit television."

Since the first college of education for girls opened in Mecca six years ago, there have been many more teaching colleges. They supply the Saudi women teachers for the vast expansion among girls' schools. In the early 1960s about 11,000 girls formed about 10 per cent

of the school population. Now it is estimated that there are 270,000 girls at school, more than a third of the total number of girls aged six to 16, and more than a third of all school children.

As with the boys, few stay on at school beyond the age of 12, the last year of primary schooling. Figures supplied by the British Council show that there were more than 150,000 girls in primary schools in 1971-72. There were only 13,500 at intermediate schools for girls aged 12 to 15 and fewer than 3,000 at secondary schools for girls aged 16 to 18.

The campaign to get a Saudi-dominated women teacher-training force has been partly successful. The proportion has gradually improved from 11 per cent 10 years ago to about 50 per cent today. In 1964 there were fewer than 200; by 1972 there were 2,500.

Many women train to become teachers but few are prepared to teach in the schools. Out of 1,200 who graduate each year from the colleges, only between 300 and 400 go on into the work. It looks as if they too have taken Queen Iffa's words about having educated families to heart.



Fatima, daughter of an official in the Ministry of the Interior, covers her short skirt and white blouse with the traditional black burnous as she and other pupils T.D. prepare for their return to the outside world.

Rapid expansion of intermediate and higher education to provide technicians

by Pearce Wright

common aim of most modern departments in Arabia concerned with health and education is to develop agricultural and industrial growth in the training manpower. Primary education began a little over 20 years ago and a serious secondary education programme was conceived only 10 years ago.

It is not difficult to see the obstacles for a country trying to leap from a medieval to a modern system to an advanced technological one. The wealth accumulating oil can do only a limited amount to smooth the process.

economic and social development in Saudi Arabia has moved faster than in most other countries. The ideals of the late King Faisal, continuing with his successors, based on the belief in the benefits of modern science and technology can be transferred from the west

without importing the disadvantages.

An unwritten list of commandments exists by which the Saudis expect to take their short cut from a backward to a progressive country.

The fact that there are still many Beduin does not mean that plans have to wait for agricultural development. By the same token there is no intention of waiting until literacy has been eliminated before embarking on an ambitious university and higher technical education scheme.

University colleges are being built to produce engineers, scientists, doctors and experts in finance and accuracy. The Ministry of Labour and Social Affairs runs training programmes for skilled workers to produce fitters, riggers and turners.

The Petroleum and Minerals Institute has sponsored training of Saudi geologists, chemical engineers and others needed for the

petrochemical industries on which the wealth of the country is being built. Hydrologists are being trained to search for subterranean sources of fresh water, and plans are in hand for a civil nuclear energy research institute giving priority to the sweetening of sea water by desalination using atomic power plants.

Education in Saudi Arabia is free. Advanced students have monthly government allowances to encourage recruitment. The increasing attention given to education is reflected in the education budget which in the past 10 years has risen from about £35m to more than £350m a year. The trend is shown in the number of students.

The first generation of Saudi scientists, engineers and doctors completed their education in American and European universities. Foreign universities still provide much of the education and training courses on their own campuses and through staff seconded to

Saudi Arabia. Most higher degrees requiring any significant research have to be taken overseas.

However, the two big universities at Jeddah and Riyadh try to include most subjects between them with faculties of arts, sciences, medicine, agriculture, education, engineering, economics and administration. In many ways the last of these is the most important because the country has no sound and experienced system of administration.

Many delays in the building of hospitals and schools, and in delivery of equipment and construction materials are simple failures in paperwork. The Saudis are acutely aware of the deficiency and are turning willingly to computers as a solution. Although computers offer a way round the shortage of clerical manpower, the highly qualified staff needed for working with machines are scarce.

If optimism and enthusiasm are enough, then the

rapid expansion of intermediate and higher education to provide technicians and graduates will work satisfactorily. A few extra ingredients are essential, such as suitable lecture rooms, teaching equipment and, above all, experienced lecturers.

Plans for intermediate and higher education are founded on experience in establishing training and education to serve the petroleum and minerals industries. Conversations with Saudi officials about the difficulties of adopting methods from industrial countries reflect that experience in statements like: "We did it with the Aramco development."

Under the Arabian American Oil Company arrangements, provision was made for the company to train Saudi nationals as engineers and specialists where possible. A sequel was the creation of the College of Petroleum and Minerals at Dahrhan in the Eastern Province, to help the subsequent surge that occurred in the oil industry.

The college was founded 10 years ago and is regarded as a prominent example of how to transfer education and technical skills from the west. The first group of students numbered 67; that has risen annually to more than 1,200 with a growing proportion of trainees coming from African and Asian countries. Two of the faculties prepare students for BSc degrees in mechanical, electrical, civil or chemical engineering. A third offers chemistry, mathematics, geology and physics degrees.

In cooperation with the United Nations Educational, Scientific and Cultural Organization the College of Petroleum and Minerals has established a Centre for Applied Geology in Jeddah to provide specialists for exploration of mineral resources and supervision of mining operations.

A big handicap in Saudi

Arabia is the reluctance to encourage women to go on to secondary and higher education. When that does happen, usually by wealthy shahs and businessmen sending their daughters to Europe and the United States, the women find no opportunities open in industry, government or commerce. Hence an important pool of talent remains neglected in a country desperately short of qualified people.

University colleges in Saudi Arabia are beginning to accept women students in some subjects but they have to work under many difficulties with restrictions placed on how they can be taught. In a country where the veil is still worn and women are not allowed to speak to men other than their own family, few women get beyond a junior school. So even at primary level most teachers are Palestinian, Jordanian, Syrian, Egyptian and Lebanese.

One of the greatest needs in the country is for trained medical and para-medical staff. The recent creation of teaching facilities in Saudi Arabia can provide only a small proportion of the doctors needed; hence the attempts to get students into British and American medical schools.

In Britain the cost of training a medical student works out at about £30,000 for teaching and £12,500 in capital cost for providing one place. In principle the Saudis are prepared to spend almost any sum of money to get enough of their young people trained.

Special provisions are made to take some into university in Britain and teachers from British medical schools have been seconded to help run those being built in Saudi Arabia. Suggestions were made recently by the Saudis for paying for a new block at one of the London University teaching hospitals to guarantee 50 places for their students. As that could

cost up to £10m, resolving the difficulties of higher and technical education for Saudi Arabia is assuming the proportions of a sizable educational export business.

In the past 10 years the number of hospital beds has increased from 4,902 to 8,112. In addition, the number of clinics rose from 124 to 190 and the number of mobile units went up from 89 to 345. In a big country with an important residual Beduin population the mobile medical service is an essential part of the public health system.

As part of preventive measures against smallpox, cholera and malaria, campaigns have been developed in collaboration with World Health Organization specialists. Anti-cholera campaigns are carried out twice a year and there is a renewed effort to eradicate malaria. Social development projects include the establishment of mother and child care centres.

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| Mohamed bin Mahfoud Compound, Jeddah | 8,000,000 |
| Mecca Water Supply Project, Ministry of Interior, Municipal Affairs | 62,000,000 |
| Medina Airport | 26,000,000 |
| Ministry of Defence Agricultural Laboratory and Training Centre, Ministry of Agriculture and Water, Riyadh | 20,000,000 |

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| Sab Dam, Taif | 6,500,000 |
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| Mona Guest Palace —No. 3 | 30,000,000 |
| Control & Investigations Committee Building, Riyadh | 40,000,000 |
| Temporary Slaughter House, Mecca | 50,000,000 |
| Maintenance & Operation Mecca Water Supply | 75,000,000 |
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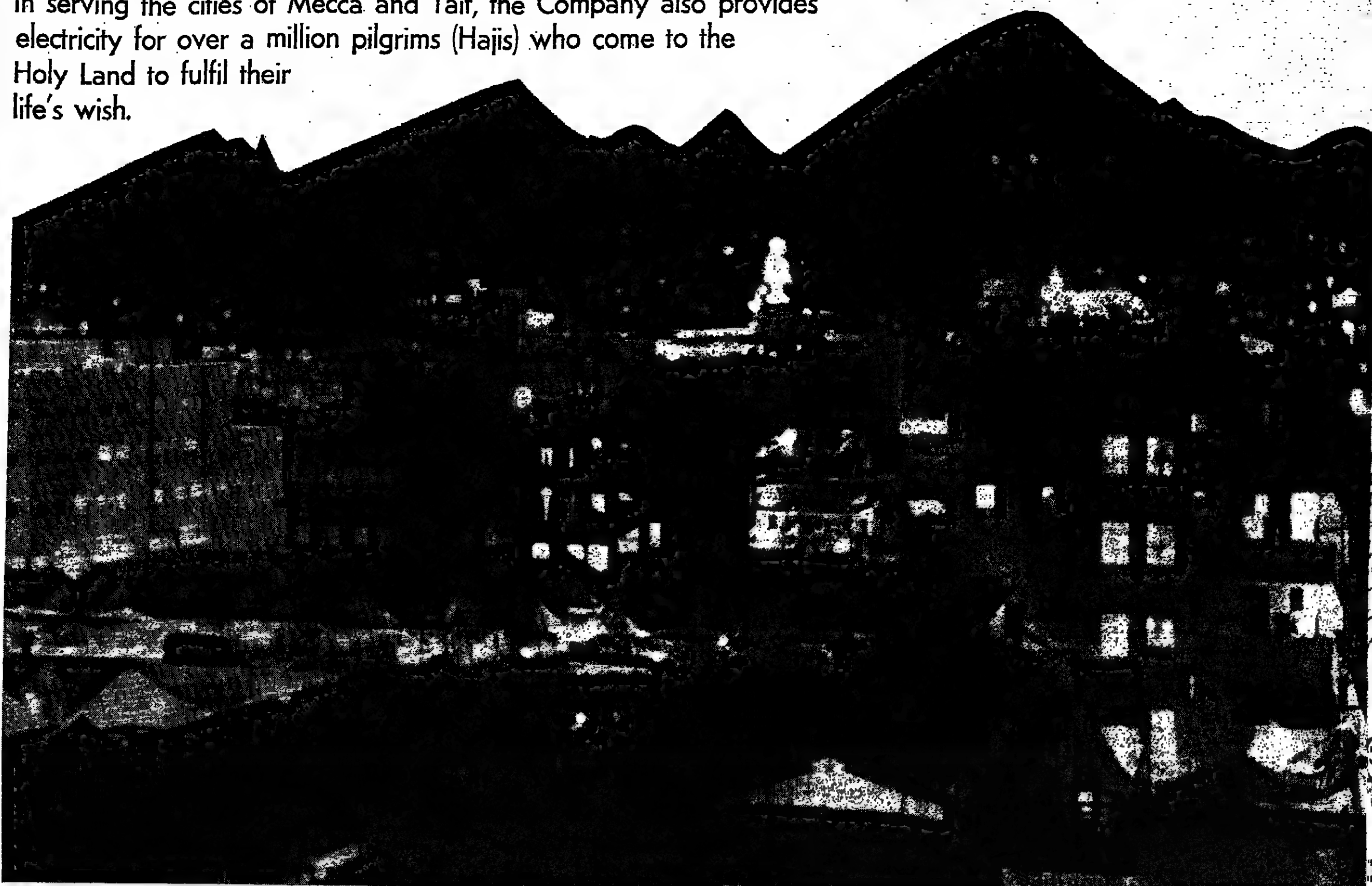
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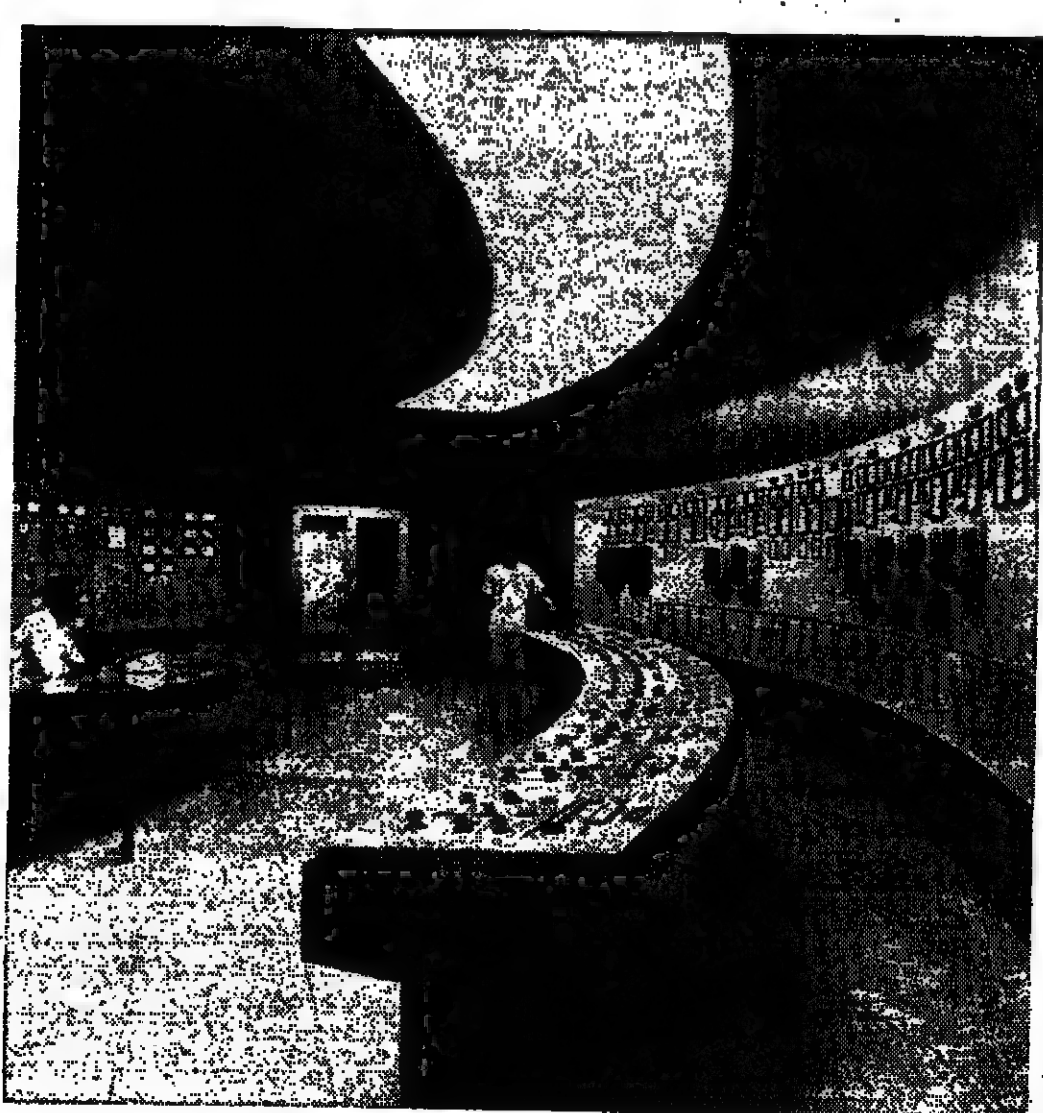
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Troubles with push-button medicine show difficulties of buying technology

by Pearce Wright

How easy is it for underdeveloped countries to take on the technical trappings of the West successfully? An important experiment in Saudi Arabia suggests the process is not an easy one. Difficulties of integrating a semi-skilled work force have arisen even at the new King Faisal specialist hospital in Riyadh completed in May at a cost of £100m and providing the best-equipped medical centre that money can buy.

Few developments have provoked such interest in the world of medicine and health care. Every conceivable type of modern treatment is available under one roof. Since the late King Faisal completed the task of forging a single state from a race of fiercely independent nomadic Bedouin tribes, health and welfare have figured prominently in the policies to bring Saudi Arabia into the twentieth century.

Since disease is a major stigma and the hallmark of almost every backward country, King Faisal decided that one duty of the state was to provide every individual with free medical treatment, including free medicines. Practice and principle are still a long way apart, but great progress has been made in the past 25 years to establish medical and community health services.

One reminder that the service is not comprehensive is reflected in the number of shaihs and princes who visit the Mayo or London clinics, or comparable Swiss resorts at the slightest viral twinge.

A parallel measure to the health service was produced, called Freedom from Want, to eliminate poverty. A social security fund was established to guarantee a permanent income to every citizen who reaches old age, who is disabled or an orphan or a widow without resources. Again some disturbing gaps exist between principle and practice, but the troubles lie in the lack of experience of introducing complicated schemes into a backward society.

In the King Faisal hospital more use is made of computers for diagnosis, treatment and administration than has been seen before. Some of the most advanced equipment for laboratory work, intensive care wards and radiology was devised specifically for the hospital. Indeed, the computer of the complete scheme is a medical technology system designed to make

doctors, nurses, technicians and management staff as efficient as humanly possible by combining the skills of men with those of machines.

The idea is easy to justify in a country where technically trained people are at a premium. It has the object of cutting out routine paper work, avoiding delays in finding patients' records, speeding the process of laboratory tests and reducing the chores for many nurses, all of which is almost more important in an underdeveloped country than in an industrial one.

However an elaborate and cleverly devised computer and communications network was needed to achieve this aim, drawing on the latest techniques available in the West. The computer-based medical technology system installed at the King Faisal hospital is the most advanced in the world.

There is a total of 14 computer systems, but it would be misleading to believe they are all located in one machine centre with tenacles reaching out to the various departments.

One special installation with four computers forms the hub of the medical record processing unit which collects, stores and distributes information about the progress of a patient and the type of treatment being given from the moment a new name is entered at the reception desk.

Other special-purpose machines control chemical tests in the laboratory, monitor medical care wards and operate the complicated machinery of the radiotherapy department. With all that equipment the medical centre is believed to be capable of treating as many patients as seven, or more, conventional hospitals—at a lower cost for each patient.

The hospital is only part of the enormous health programme, which includes the construction of 70 other general hospitals, on which the oil wealth is being spent. The big question is whether the Saudis are trying to run before they can walk in understanding some of their developments.

While it is true that progress must depend on conquering disease, poverty and illiteracy, there are restrictions to the scientific and technical advances that

can be made in a short time. To put ideas for the most modern health service into practice means that qualified people as well as appropriate technology must be bought from the West. Then it is essential to establish the level of education and training needed to groom the next generation to take over responsibility.

Understandably the Saudis do not want to wait the number of generations that in the past have taken to evolve from a primitive community to one enjoying the benefits of scientific advances. On the other hand a longer period of evolution must be necessary before introducing some of the innovations being tried out at the new hospital in Riyadh.

Most doctors in America and Europe would feel a tinge of envy for the lavish way in which the Faisal hospital has been equipped. From the reception area for patients to the boiler house, no effort has been spared to incorporate the best apparatus money can buy. The computer systems keeping track of an individual deals with him as thoroughly as agricultural machinery takes a pea from the field, processes it and places it in a packet for the deep freeze.

Much equipment from America

The first few months of using the hospital have shown that the Saudis have rather more individuality about them than processed peas.

Among other things, they require their hospital and specialist service to provide equal medical care for those who can afford to pay and those who cannot; a range of scales of payment is needed to allow for people of modest means. Ideas like that are all right if they are specified in the administrative part of the system from the outset. Troubles soon loom when the oil wealth is being spent to meet that objective are made after the hospital is complete.

Much of the equipment for automation of the analytical laboratories comes from the United States, where methods for speeding analyses important for diagnosis were developed after general practitioners began to make fewer house calls.

Saudi patients, however, began arriving at emergency departments with conditions not previously considered as needing hospital treatment. Laboratory services became overloaded and an alternative was demanded. Automation was the answer, to provide a procedure in which every item of work was carefully costed and added to the patient's bill. Firms of professional administrators negotiated contracts to manage the hospitals, taking a proportion of the profits from patient charges as their fees. In America this worked well, but the transfer of an identical scheme to a totally different society was another matter.

The Saudi Arabian way of doing things is a more casual affair and does not see itself so readily to pushing buttons to record every action of the day. Experience at the King Faisal hospital has proved an exception.

As the Middle East countries have accumulated their oil wealth, many technologists from the West have been invited to bring their knowledge about such things as computers, satellite communications, atomic energy plants for desalinating seawater, agricultural production and missile and weapons systems.

In a highly political and religious society like Saudi Arabia, the instinctive response of the foreigners is to avoid mixing work with the big social issues of the surroundings. In practice this could mean that the technology brought from another country is not at home in the new community for the simple reason that no one has made allowance for cultural differences.

However, the long-term success of the Faisal medical centre depends on training a generation of medical specialists, nurses and technicians who can succeed the technological "colonists". To do so a range of visual aids to special television programme production has been devised.

But the most ambitious notion is connected with the concept of preventive medicine in which a medical television studio, within the hospital, can be linked to the public broadcast network, forging a direct link between the community and specialist teams concentrating on health care.



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More than lip service to Islam

by Peter Evans

The importance of Islam in Saudi Arabia and its integration in the lives of the people make it more than a religion in the sense generally understood in the west. The nearest parallel perhaps was the influence of the church in medieval Europe, when religion was a political and military force as well as a moral and spiritual one.

Above all, the Saudis practise their religion and do not just pay lip service to it as is often the case elsewhere. Any businessman wishing to operate in Saudi Arabia must learn something about Islam and the way in which it will affect him and his business. A recent visitor to the country found it helped to say "Alhamdulillah" (Praise be to God) every day, to remind himself that God would have a real influence on his negotiations.

Islam has as much to do with man's relations with his fellow men as it does with his relations with God. In the Holy Koran, God's word revealed to the Prophet Muhammad, are laid down not only divine and moral injunctions but precise and careful details concerning every aspect of life, including business agreements, partnerships, contracts, sales, marriage, divorce, inheritance and crime.

The law of Saudi Arabia is the law of the Holy Koran and the courts administer justice in accordance with the rules laid down by the Prophet Muhammad. Thus the civil law is also a code of ethics and secular principles are strengthened by invoking divine guidance, which creates a respect for submission to the law, even in those beyond the reach of legal enforcement.

Another aspect of Islam which is of political as well as religious significance is the support it receives from the ruling family. This is a tradition which dates back to the eighteenth century when Prince Muhammad bin Saud, one of the present king's ancestors, formed an alliance with the great religious reformer, Shaikh Muhammad bin Abdul Wahhab. Together they started a movement to fight decadence and return Muslim society to its original purity and order.

At its most extreme the Wahhabi movement even questioned the now universal habit of drinking coffee, regarding it as a forbidden stimulant, and music was considered sinful. Nowadays Saudi Arabia is one of the few countries which, in obedience to the Holy Koran, maintains a total prohibition

of alcohol and pork and where women wear the veil almost every day in the presence of close relatives.

The religious conviction of the Saudi ruling family has continued to the present day. In spite of the rapid development of the country with its newfound wealth, and continuing emphasis is placed on the vital importance of preserving the Islamic way of life.

No fundamental conflict is seen by most Saudis between Islam and modern science and technology but the Government wants the country to enjoy their benefits without also importing the spiritual laxity and moral decadence of the west.

The late King Faisal saw Islam as a great force for reform and salvation in the modern world and Islamic solidarity was one of the main guiding principles of his foreign policy, now continued by his successor, King Khalid.

Strictly forbidden to non-Muslims

Saudi Arabia is of special importance in Islam, being the country of its origin and the guardian of its holy cities, Mecca and Medina, access to which is strictly forbidden to all non-Muslims. The annual pilgrimage, or Hajj, is one of the five "pillars" of Islam and all the faithful should perform it at least once, with the proviso, if they have the means.

In recent years the number of pilgrims has increased considerably. Last Hajj the figure was 1,250,000 and next year it is expected to reach 1,500,000, a vast number of people to come and go within a month. The Saudi Government has a continuing programme to improve the routes the pilgrims travel, to better the organization and facilities for this great annual event and in cooperation with the World Health Organization, to minimize the risk of epidemics.

The first "pillar" of Islam and its *sine qua non* is the profession of faith: "There is no God but Allah and Muhammad is His prophet." This establishes the strictly monotheistic nature of Islam which is significantly emphasized on the Saudi national flag in stylized Arabic script.

The second is prayer to God which is performed five times a day, at dawn, noon,

mid-afternoon, sunset and after sunset. In Saudi Arabia, ministry officials leave their offices to attend the noonday prayer, workers on building sites join together in corporate worship and, on the roads outside the cities, cars and lorries stop for drivers and their passengers to perform their devotions.

It is a striking example of the faith to see a car mechanic praying in his garage facing a wall, perhaps decorated by a Michelin advertisement.

The third "pillar" is the Zakat, or legal alms, which is the upkeep of the "poor and needy, and for those employed to administer the funds, for those in bondage or debt, in the cause of God and the way of Islam." It is levied by the Government and is used appropriately by the treasury to finance the demands of social security.

The holy month of Ramadan, the month of fasting, is the fourth "pillar". During this month no food or drink, and this includes cigarettes, may be taken from dawn—"when one can distinguish a black thread from a white" to sunset. Ideally Ramadan should be a time when abstinence from food will remind people of the poor and hungry and should inspire feelings of compassion for those less fortunate.

Above all, however, Islam is an intensely practical religion. During Ramadan, for example, young children, nursing mothers, women with periods, the old, and travellers are exempt from fasting, although those who can are expected to make up the number of days exempted at a later date.

Islam is one of the world's great religions and has more than 500 million adherents. Nowhere is it practised more devoutly than in Saudi Arabia. It remains to be seen how well the Saudis can preserve this great heritage against the disruptive forces of the modern world.

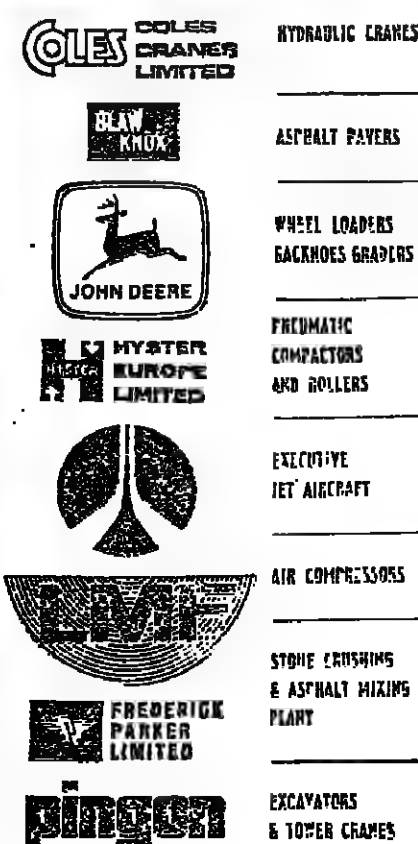
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Mixed classes at school promised in two years

They had to call out the National Guard to man the gates of one of the first schools for girls aged six to 12 when it opened in Riyadh in the early 1960s. Now the outcry against women's education in Saudi Arabia—which prevented its introduction in the 1950s—has died down. An old *ferash* with a sick sits outside the doors of the villa in the desert capital where the university girls students go for their lessons.

The girls are driven to school by relatives in cars—no girls travel by taxi—all hooded in their black veils, for lessons in the afternoon. Once inside and safely guarded by the old man *ferash* from the prying eyes of the opposite sex they take off their thin black covers to reveal their faces, often adorned with sequins and other jewels.

The girls come from well-to-do families to the villa, which has four classrooms and a garden cafeteria. They are of all Arab nationalities. Two princesses came last term, every afternoon in a large car equipped with television. A great deal of their lives at home is spent

watching television, and for some the visit for their daily dose of education is a distraction, an escape from the cloistered existences they still have to lead.

The courses for the women students expanded into the Arabic subjects last year for which there were no women teachers. A closed-circuit television centre was opened at the opposite end of the capital and the girls go there for these lessons where they have a chance to question their masters on television by telephone.

A teacher reported that sometimes one saw a deserted classroom with the lecturer carrying on confidently on the television set. At other times the girls reveal how bored they are at the chat throughout the talk.

A teacher at the villa said: "You have to be very firm from the beginning. You have to treat them like schoolchildren and stamp down anyone who talks. The ones who are clever are bored."

The final examinations are about A level standard and depend entirely on learning and repeating facts. No marks are given for

imagination or initiative. The library at the university is prohibited for women but that does not matter much because all they need is their set-books.

Few jobs are open to women at the end of the course. And as the first generation's women students—they were admitted to universities in Riyadh and Jeddah in 1969—pass their final examinations, which most do, there is among many of them, teachers report, a feeling of despair at the next step. They cannot work in offices.

Fulfil her role as housewife

One teacher said that when Queen Ifra came to open the television centre last year she referred to the frustrations and difficulties which educated women suffer. But she said that educated women meant better educated mothers. They must soldier on.

The 43-page booklet containing the kingdom's latest educational policy devotes less than half a page to women's education. "The object", it says, "is to bring her up in a sound Islamic

way so that she can fulfil her role in life as a successful housewife, ideal wife and good mother, and to prepare her for other activities that suit her nature such as teaching, nursing and medicine."

Last September a medical college opened for 36 women students in Riyadh. All subjects are taught by women except for one course of biology lectures, for which there were no women tutors, and girls go to the television centre. The girls have been culled as the brightest of their sex from all over the country. Aged between 16 and 20, some are married. They live in a hostel and are taken to the college in a special bus every day.

It is here that the great breakthrough in Saudi girls' education—mixed classes with male masters—could happen in two years' time. One teacher said: "They have been promised mixed classes when they get to the anatomy and surgery parts of the course. You cannot really do dissection on closed-circuit television."

Since the first college of education for girls opened in Mecca six years ago, there have been many more teacher-training colleges to supply the Saudi women teachers for the vast expansion among girls' schools. In the early 1960s about 11,000 girls formed about 10 per cent

of the school population. Now it is estimated that there are 270,000 girls at school, more than a third of the total number of girls aged six to 16, and more than a third of all school-children.

As with the boys, few stay on at school beyond the age of 12, the last year of primary schooling. Figures supplied by the British Council show that there were more than 150,000 girls in primary schools in 1971-72. There were only 13,500 in intermediate schools for girls aged 12 to 15 and fewer than 3,000 at secondary schools for girls aged 16 to 18.

The campaign to get a Saudi-dominated women teacher-training force has been partly successful. The proportion has gradually increased from 11 per cent 10 years ago to about 50 per cent today. In 1964 there were fewer than 200; by 1972 there were 2,500.

Many women train to become teachers but few are prepared to teach in the schools. Out of 1,500 who graduate each year from the colleges, only between 300 and 400 go on into the work. It looks as if they too have taken Queen Ifra's words about having educated families to heart.



Fatima, daughter of an official in the Ministry of the Interior, covers her short skirt and white blouse with the traditional black burnous as she and other pupils T.D. prepare for their return to the outside world.

Rapid expansion of intermediate and higher education to provide technicians

by Pearce Wright

The common aim of most government departments in Saudi Arabia concerned with improving health and education or developing agriculture and industrial growth is self-sufficiency in the training of manpower. Primary education began a little over 35 years ago and a serious secondary education programme was conceived only 22 years ago.

Thus it is not difficult to imagine the obstacles for a large country trying to leap overnight from a near-medieval system to an advanced technological one. The vast wealth accumulating from oil can do only a limited amount to smooth the process.

Economic and social development in Saudi Arabia has in 30 years moved faster than comparable events in most other countries. The ideal set by the late King Faisal are continuing with his successor, based on the belief that the benefits of modern industry and technology can be transferred from the west

without importing the disadvantages.

An unwritten list of commitments exists by which the Saudis expect to take their short cut from a backward to a progressive country.

The fact that there are still many Beduin does not mean that plans have to wait for agricultural development. By the same token there is no intention of waiting until literacy has been eliminated before embarking on an ambitious university and higher technical education scheme.

University colleges are being built to produce engineers, scientists, doctors and experts in finance and accountancy. The Ministry of Labour and Social Affairs runs training programmes for skilled workers to produce fitters, riggers and turners.

The Petroleum and Minerals Institute has sponsored training of Saudi geologists, chemical engineers and others needed for the

petrochemical industries on which the wealth of the country is being built. Hydrologists are being trained to search for subterranean sources of fresh water, and plans are in hand for a civil nuclear energy research institute giving priority to the sweetening of sea water by desalination using atomic power plants.

Education in Saudi Arabia is free. Advanced students have monthly government allowances to encourage recruitment. The increasing attention given to education is reflected in the education budget which in the past 10 years has risen from about £35m to more than £330m a year. The trend is shown in the number of students.

The first generation of Saudi scientists, engineers and doctors completed their education in American and European universities. Foreign universities still provide much of the education and training courses on their own campuses and through staff seconded to

Saudi Arabia. Most higher degrees requiring any significant research have to be taken overseas. However, the two big universities at Jeddah and Riyadh try to include most subjects between them with faculties of arts, sciences, medicine, agriculture, education, engineering, economics and administration. In many ways the last of these is the most important because the country has no sound and experienced system of administration.

Many delays in the building of hospitals and schools, and in delivery of equipment and construction materials are simple failures of the deficiency and are turning willingly to computers as a solution. Although computers offer a way round the shortage of clerical manpower, the highly qualified staff needed for working with machines are scarce. If optimism and enthusiasm are enough, then the

rapid expansion of intermediate and higher education to provide technicians and graduates will work satisfactorily. A few extra ingredients are essential, such as suitable lecture rooms, teaching equipment and, above all, experienced lecturers.

Plans for intermediate and higher education are founded on experience in establishing training and education to serve the petroleum and minerals industries. Conversations with Saudi officials about the difficulties of adopting methods from industrial countries reflect that experience in statements like: "We did it with the Aramco development."

Under the Arabian American Oil Company arrangement, provision was made for the company to train Saudi nationals as engineers and specialists where possible. A sequel was the creation of the College of Petroleum and Minerals at Dahrhan in the Eastern Pro-

vince, to help the subsequent surge that occurred in the oil industry. The college was founded 10 years ago and is regarded as a prominent example of how to transfer education and technical skills from the west. The first group of students numbered 67; that has risen annually to more than 1,200 with a growing proportion of students coming from African and Asian countries. Two of the faculties prepare students for BSc degrees in mechanical, electrical, civil or chemical engineering. A third offers chemistry, mathematics, geology and physics degrees.

In cooperation with the United Nations Educational, Scientific and Cultural Organization the College of Petroleum and Minerals has established a Centre for Applied Geology in Jeddah to provide specialists for exploration of mineral resources and supervision of mining operations. A big handicap in Saudi

Arabia is the reluctance to encourage women to go on to secondary and higher education. When that does happen, usually by wealthy sheikhs and businessmen sending their daughters to Europe and the United States, the women find no opportunities open in industry, government or commerce. Hence an important pool of talent remains neglected in a country desperately short of qualified people.

University colleges in Saudi Arabia are beginning to accept women students in some subjects but they have to work under many difficulties with restrictions placed on how they can be taught. In a country where the veil is still worn and women are not allowed to speak to men other than their own family, few women get beyond a junior school. So even at primary level most teachers are Palestinian, Jordanian, Syrian, Egyptian and Lebanese.

One of the greatest needs in the country is for trained medical and para-medical staff. The recent creation of teaching facilities in Saudi Arabia can provide only a small proportion of the doctors needed; hence the attempts to get students into British and American medical schools. In Britain the cost of training a medical student works out at about £30,000 in capital cost for providing one place. In principle the Saudis are prepared to spend almost any sum of money to get enough of their young people trained.

Special provisions are made to take some into universities in Britain and teachers from British medical schools have been seconded to help run those being built in Saudi Arabia. Suggestions were made recently by the Saudis for paying for a new block at one of the London University teaching hospitals to guarantee 50 places for their students. As that could

cost up to £10m, resolving the difficulties of higher and technical education for Saudi Arabia is assuming the proportions of a sizable educational export business.

In the past 10 years the number of hospital beds has increased from 4,902 to 8,132. In addition, the number of clinics rose from 124 to 190 and the number of mobile units went up from 89 to 345. In a big country with an important residual Beduin population the mobile medical service is an essential part of the public health system.

As part of preventive measures against smallpox, cholera and malaria, campaigns have been developed in collaboration with World Health Organisation specialists. Anti-cholera campaigns are carried out twice a year and there is a renewed effort to eradicate malaria. Social development projects include the establishment of mother and child care centres.

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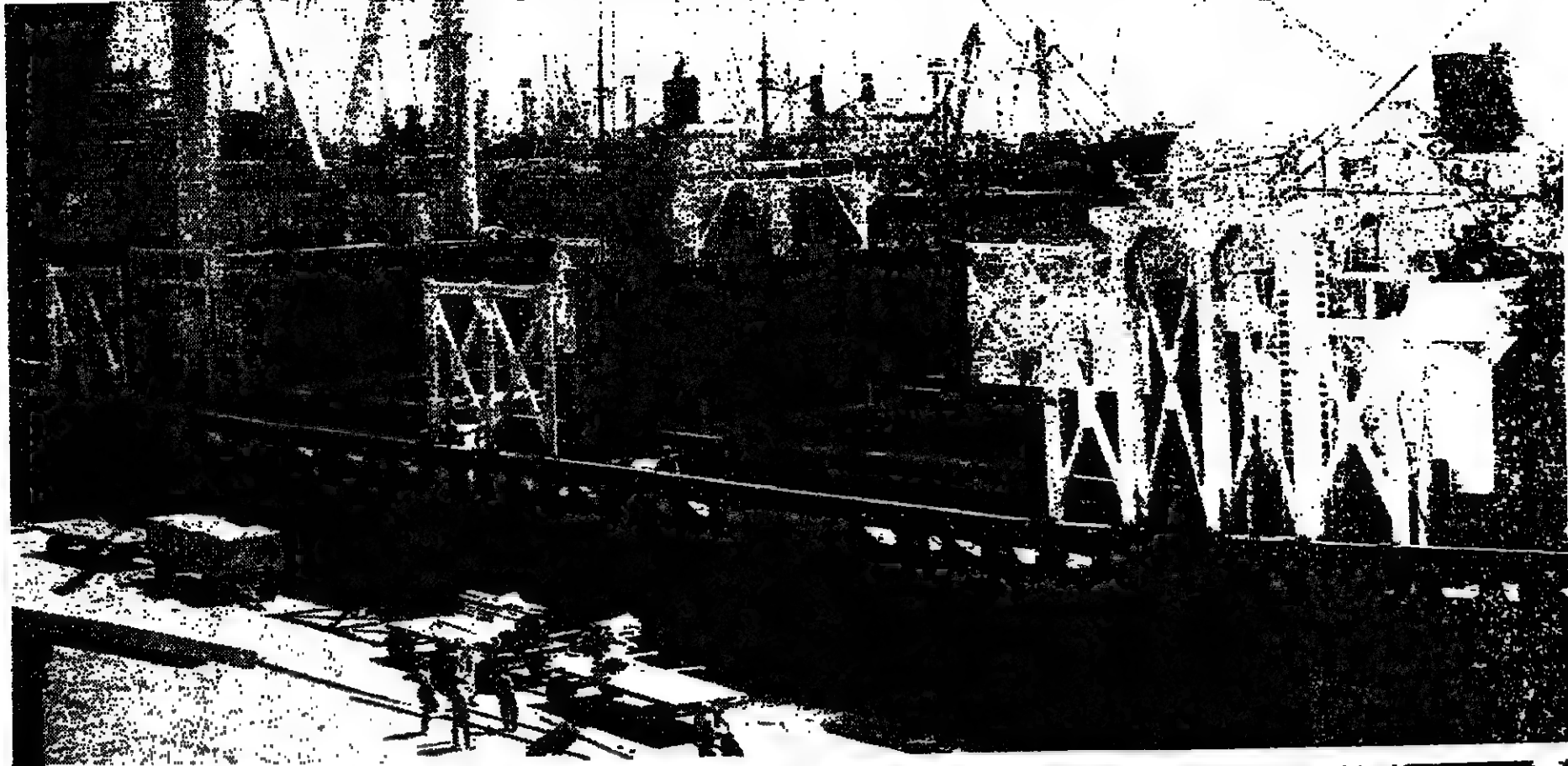
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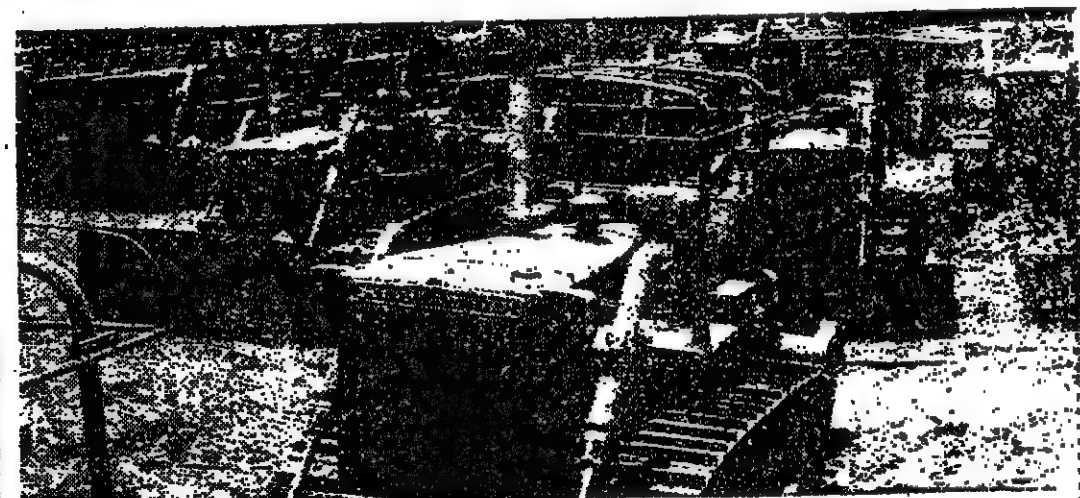
Jeddah is a city reflecting the two faces of modern Arabia. Its bustling waterfront contrasts with the more traditional life of the old town. Left: characteristic carved wooden balconies. Above: a cookery class in a girls' school. Top: a view of the port, lifeline of a burgeoning economy. Right: the old market, with the timeless ritual of bartering for exotic wares.

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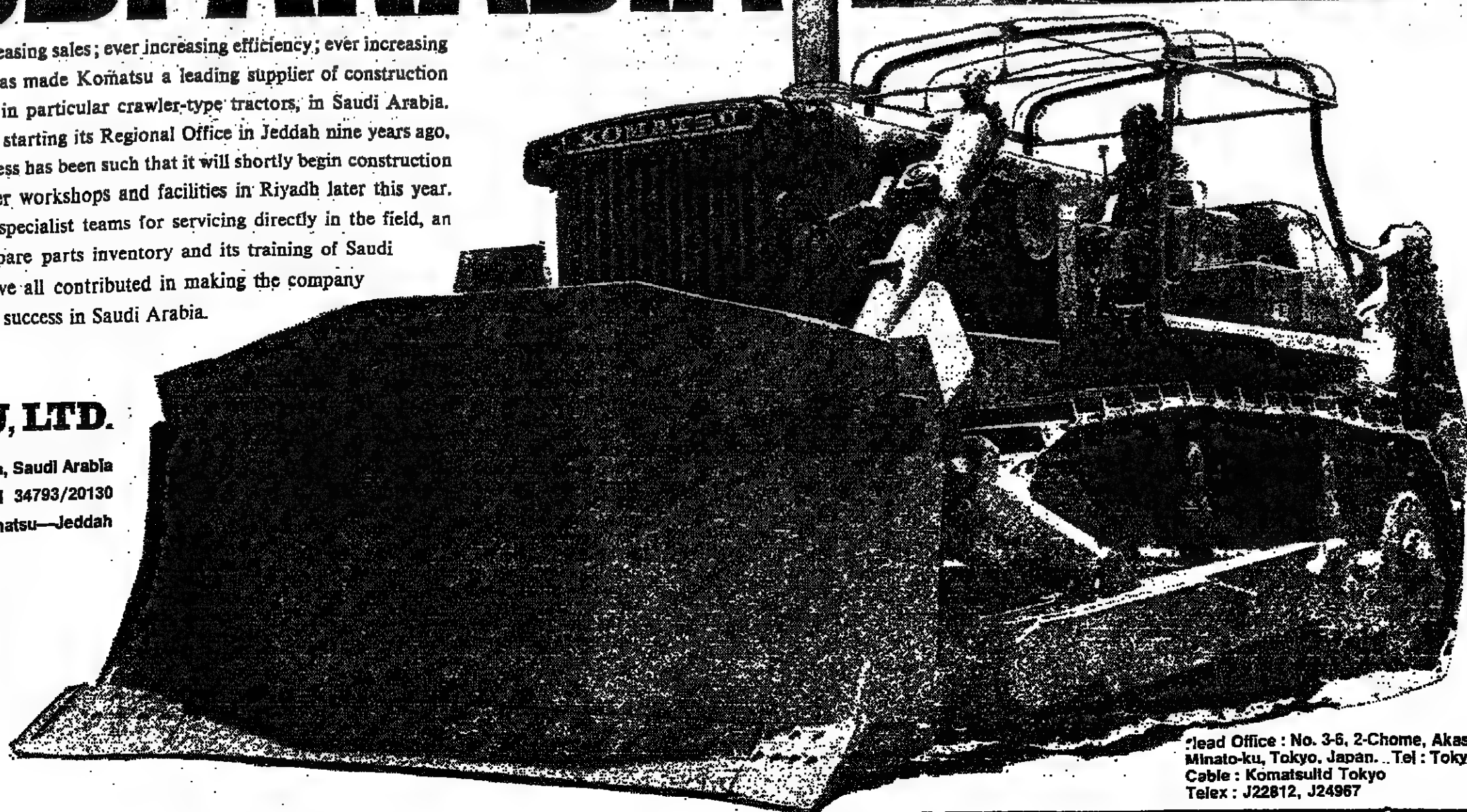
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'God took a handful of wind and created the horse'

by James Fleming

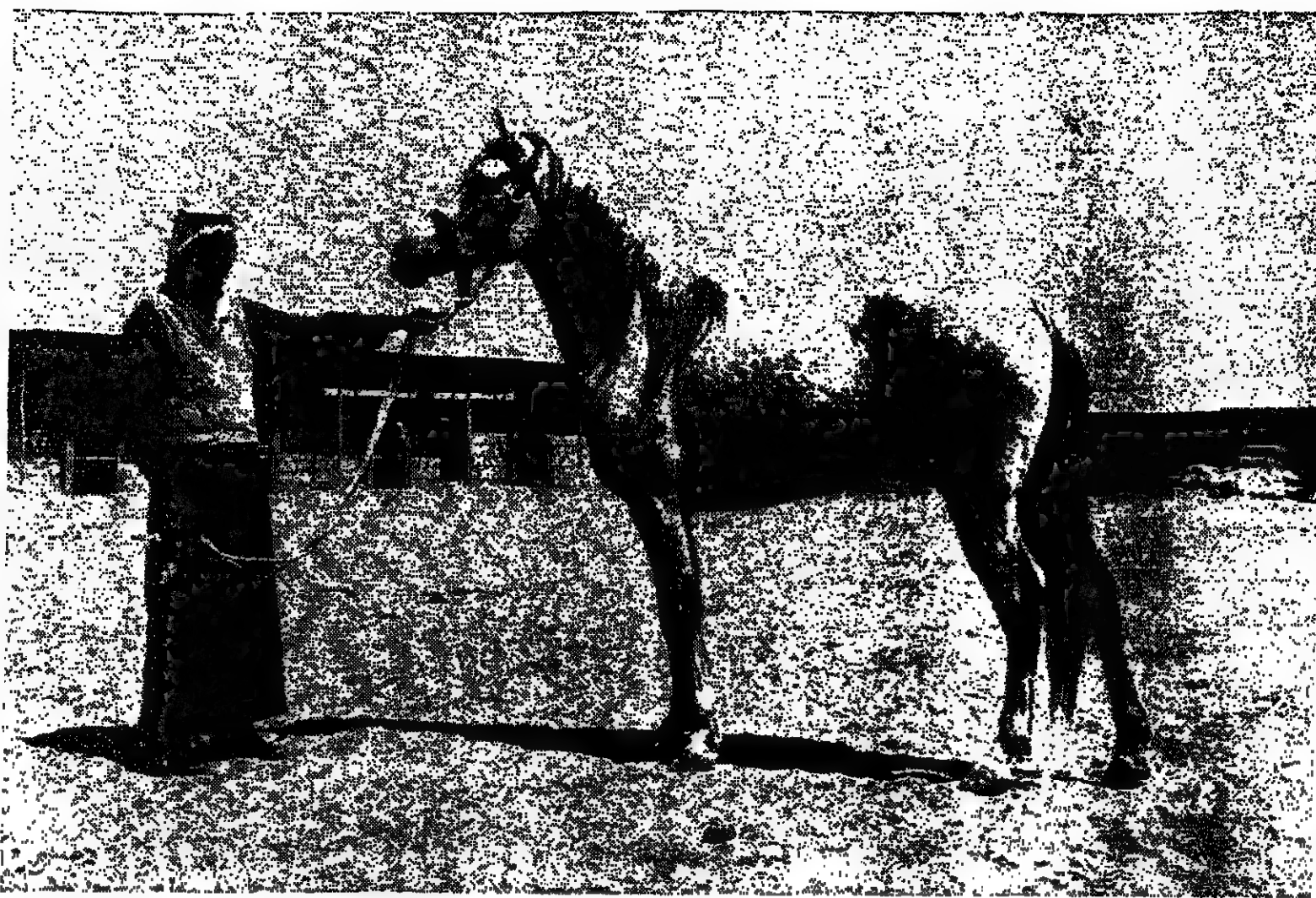
"Un bon cheval arabe est le meilleur cheval du monde", wrote Napoleon, who rode only Arabian horses and named them after his victories. Of all the many breeds of horses that have evolved through the centuries, none has so aroused the emotions of man as the Arabian. Its unique combination of physical beauty, intelligence, loyalty and stamina, together with its outstanding record as a sire, must surely place it—with algebra—among Arabia's most enduring contributions to the world.

Its origins are obscure. According to Bedouin tradition, "God took a handful of the south wind and He breathed thereon, creating the horse and saying: 'Thy name shall be Arabian.'" Later writers have proffered a number of more scientific, though less appealing, versions of its ancestry and have defended their various remarks with vehemence and agility.

Certainly it was not indigenous to Arabia. Modern research favours the existence at one time in central Asia of a "quality" wild horse with many of the attributes of the Arabian as we know it. Through commercial channels such as the Silk Road and through the movement southwards of the Indo-European peoples, the horse spread through Persia into Arabia and the Middle East, there displacing the onager, or wild ass, as the principal draught animal and giving birth, as it were, to the mule. Riding upon any animal was a comparatively recent development.

Whatever the appearance of the original horse, there can be little doubt that it was largely because of the exigencies of the Arabian climate, particularly in the highlands of the Nejd where the most favourable conditions for horse-breeding occur, that those qualities for which the Arabian has become justly famed were produced.

Traces of an Arab-type horse can be found throughout Roman Europe but the influence of the importations was ephemeral since the military requirements of the period and area did not include a light horse such as the Arabian. Only as direct contact between Europe and the Arab world grew, through the conquest of Spain and later during the Crusades, did a gentle leavening of the rather coarse European stock with



oriental blood become perceptible.

Until the use of gunpowder rendered almost obsolete the principal criterion of horse-breeding lay in the production of a heavy horse. Regard for sheer size died slowly in Europe, and even in seventeenth-century England the Arabian was generally considered an undesirable and not especially desirable visitor, more akin to a pony than a horse.

But by 1750 it had become a veritable prince among horses and was eagerly sought in the markets of the East. The cause of this apotheosis lies in the stud record of three stallions imported into England between 1684 and 1728: the Byerley Turk, the Darley Arabian and the Godolphin Arabian.

To those horses (pace those who see the balance of merit on the desert side) must be credited the major role in the development of the English thoroughbred. Through

their progeny, notably Eclipse, Matchem and Herod, can be traced the most successful bloodlines of the thoroughbred throughout the racing world.

But in triumph lay disillusion. For if the infusion of Arabian blood on such a scale was a once-and-for-all benefit, the fact was not generally appreciated and animals of an increasingly moderate type were imported by breeders on the expectation of automatically favourable results. These not occurring, the breed fell into disfavour, and thence into disrepute after the dispersal at the end of the Crimean war of a quantity of inferior half-bred Syrian remounts.

The renaissance of the Arabian, from which it has never looked back, was the work of two people: the poet and politician W. S. Blunt and his wife, Lady Anne Blunt. Fired by a love for the animal itself and an overwhelming determination to restore

the purity of the breed, they made two remarkable journeys through Arabia in 1877-78 and 1878-79 during which they bought as many of the purest Arabians as could be found. Some of these were kept at their stud in Egypt but most were shipped back to England and their names as Crabbet.

If the Nejd is the cradle of the Arabian horse, Crabbet is its oyster. It is possible, but hard, to exaggerate the influence of the stud upon the preservation of an unblemished breed and its subsequent resurgence among the most popular of the world's saddle-horses. Only the best and purest were admitted and when Lady Anne Blunt died in 1917, the cost of establishing the Crabbet stud was estimated to have been almost £1m.

Under the Blunts' daughter, Lady Wentworth, whose aim it is to make the stud went from strength to strength to the extent that she could virtually name her

own selling prices. Crabbet stock was bought by governments and individuals the world over. Prince Faisal was a visitor in 1930, as also King Fused of Egypt.

By 1934 nearly three quarters of the horses registered in the American stud book were wholly or partly Crabbet stock. In 1936 the Soviet Government reestablished its national stud from Crabbet. The war brought only a lull in the procession of honours and by Lady Wentworth's death in 1957 the achievements of Crabbet had become statistically interminable.

At present the activities of Arabian horse breeders are regulated at national level by the societies of the countries concerned.

These are in their turn integrated into the World Arabian Horse Association, whose aim it is to make the horses in the pure-bred stud books of its members mutually acceptable to each

other. WAHO now has 22 full members and three associate members.

It is saddening to note that Saudi Arabia has yet to make its bow in this enterprise. It is true that the Government stud is compiling an official stud-book of its own to conform with WAHO rules but outside this and the studs of a small circle of royal enthusiasts, it is questionable whether any pure Arabians do in fact still exist.

It seems that breeding for the racecourse has proved a more attractive proposition. But rumour, which traditionally pululates among the world's backrooms, as vibrantly as in any bazaar, has it firmly by the nose that Saudi agents are quietly scouring one country or another for the authentic Arabian. Let us hope so. Nothing could be more fitting than to restore a unique animal to the home of its forefathers.

Denizens of the desert

by David L. Harrison

More than 50 wild mammalian species are now known to exist in the kingdom. Most are especially adapted for life in the desert, producing a series of sonar pulses by vibrating its tongue rapidly up and down in the mouth, making

These denizens of the desert exhibit similar adaptations of form and function. Enlargement of the ears is one striking trait. The Ethiopian desert hedgehog, the sand cat and the desert hare all share this feature which reflects the wide dispersal of desert populations and the scarcity of hearing required to locate other animals. The enlarged ears are believed also to assist heat loss from the body by increasing surface area.

The little three-toed jerboa (*Jaculus jaculus*), belonging to a special family of rodents, the dipodidae, is perhaps the best-adapted desert mammal of all. Its elongated hind feet enable it to jump about in an amazingly fast and erratic manner over the barren terrain, while the long, stiff hairs on its toes give it a better grip in soft sand.

Thus it escapes more readily from predators and forages further afield than its less well-provided competitors. Dwelling in deep burrows, the jerboa emerges at night, avoiding the most severe heat. It has evolved a remarkable degree of water independence and can live on dry seeds alone for long periods. Modified kidney function enables it to concentrate the urine far more effectively than non-desert dwelling mammals.

Other desert rodents—like the gerbil, jird and spiny mice—have also developed water independence to varying degrees. One Saudi Arabian rodent, the fat jird (*Pamomys obsus*), has learned to live on certain succulent desert plants, the leaves of which are full of water.

Although a number of bat species are found in the desert kingdom, they are more localised and generally found near oases. The insect diet of the majority of bats, with its high protein content and hence urea excretion, compels them to drink water freely.

The peculiar nose—leaves and enlarged ears of some species—like the trident bat—so-called because of the three-pronged cutaneous projections surrounding its nostrils—reflects the highly developed faculty of echolocation.

Curiously the largest known Saudi Arabian bat, the Egyptian rousette (*Rousettus*), a smaller cousin of the flying fox, has evolved a different form of echolocation from the insectivorous bats. This species produces a series of sonar pulses by vibrating its tongue rapidly up and down in the mouth, making

Among the plights of Arabian or Nubian ibexes and gazelles are other Saundulapates in urconservation, Li vet about the recently discov region.

The varied includes one verber, the Indian cupine, long rdelic by the inhabitant of and steppe, its l dug in caves or ings. The per unwelcome visit and culti cons cause consider to crops.

A handsomely mouse (*Eliomys*), has, foreseen life of its and doubtless res before the p denuded follow Age. Now does cover most of a among the rocke fully competes familiar desert as gerbils and in the hills of, its bushy imitated by a species of geri covered in the rule and very to the list of 8 mammals. The gerbil, *Meriones*, become adept over steep hou slopes, and ha

loped a furry, rail revealing dromouse. Even this bat of the Saudi A place would plete without that distinctive striped hyena, has perhaps at legend and folk other mammal even credited the remarkable changing its Dr Harrison i the three-vell ence work Th elements in the fauna, as of Arabia.

Among the carnivores the beautiful cheetah is found on the list of larger mammals almost, if not quite, extinct in the country, while the handsome caracal lynx, with its superb black tufted ears, survives in the rocky fastnesses of Hijaz and Asir.

In the same ranges dwells the sacred hyrax, like a short-eared rabbit—and indeed referred to as a cohey in the Bible—this archaic little beast has been placed by puzzled zoologists in a distinct order *Hyraxidae*, its nearest living relatives are elephants and rhinoceroses.

Its curious hoof-like feet, with an opposable toe on each hind foot, contribute to its remarkable agility on the precipitous cliffs, where it makes its lair in deep crevices.

The hamadryas baboon, sacred to the ancient Egyptians, is one of the African elements in the fauna, as of Arabia.

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Juffali is the largest Group of Industrial and Commercial Companies in Saudi Arabia. The operating units of the "Juffali Group" consist of some 24 subsidiaries, affiliates or fully decentralized branches covering all main regions of Saudi Arabia.

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franchises or agencies for the Kingdom of Saudi Arabia includes among others Bosch, Barber-Greene, Brown Boveri, B&B International, Clark, Compair, Daimler-Benz, GM Diesel, IBM, Kvaerner, Massey-Ferguson, Michelin, Hawker-Siddeley (Diesel), Siemens, Sulzer, Volkswagen and York. The "Juffali Group" has entered into joint ventures with leading international firms to form the following companies: Flour Arabia for construction management in the oil and process industry; Arabian Petroleum Services Company (PETROSERV); Semco Arabia for electrical installations and

maintenance projects; Pool Arab for oil well workover services; National Automobile Industry for the assembly of Daimler-Benz Commercial vehicles; Arabian Metal Industries for the manufacture of commercial vehicle bodies; The National Insurance Company; Juffali-Sulzer for airconditioning and sanitary design and construction; Juffali-York for airconditioning maintenance; Juffali-Siemens for electrical installations and supply; Juffali-Moff-Electrowatt for the manufacture of precast concrete elements and systems; Beck Arabia for Civil Engineering and Contracting.

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9,000 workers at Leyland bus and truck factories expected to face strike call

R. W. Shakespeare
More than 9,000 workers at five big British Leyland bus and truck factories in Lancashire today return from a week's holiday with the probability that they will face a call to their shop stewards for a "new pay deal under the agreement" TUC wages survey.

With many of the workers belonging to the Amalgamated Union of Engineering Workers, which has already expressed its strict opposition to wage restraint and limitations on "free effective bargaining", the call could become a major confrontation over government policy.

Only last week Mr Hugh Scanlon, president of the AUEW, urged the leaders of the remaining 19 engineering unions to belong to the national committee of the Confederation of Shipbuilding and Engineering Unions, although he was reported to go along with them seeking the guidance of the UC about how the £5 policy could be applied, he would not consider his union bound by such guidance.

The trouble in the British Leyland bus and truck plants, the most profitable sector of the British Leyland empire, has been a new wage agreement made between management and unions last July, which it does give all workers an across-the-board increase of 5.6 a week.

But at the same time the company offered additional payments as compensation for the shaping of the wages structure which is part of its long-term strategy in trying to sort out its whole wage basis.

The company would clearly be in a position to make these payments; it was the Government's policy that it should not do so.

In the White Paper, it therefore had to go back to the unions and tell them that the deal would have to be negotiated.

This resulted in all 9,000 workers in the plants at Leyland and Chorley imposing a strict overtime ban and a policy of "non cooperation". The shop stewards gave the management notice that they would call an all-out strike once the holiday was over unless the original pay deal went ahead.

Shop stewards' representatives have had talks with senior officials of the Department of Employment and it seems, received the same advice as that given to the management. The first move today will be for the shop stewards to hold their own meeting; it seems likely they will decide to call mass meetings at each of the plants.

British Leyland faces further problems in its car plants. It has to start today laying off thousands of workers in the Rover-Triumph car assembly plant in the Midlands because of a continuing dispute among drivers who work for a delivery company which has the contract for most of the vehicles from the assembly area.

These drivers are protesting about redundancies declared a fortnight ago by their employer, James Car Deliveries. The British Leyland plants have been stockpiling completed vehicles, but have now run out of storage space.

At the Austin Morris plant at Cowley more trouble is brewing because the management has rejected a demand by 4,000 workers in the body pressing plant for an interim pay increase.

These men got an 11 per cent wage rise earlier this year, but at the time their negotiators warned the management that if the cost of living continued to rise sharply, now they are up to the wages code laid down

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Whitehall studies price rises by state sector

By Maurice Corina
Industrial Editor

An internal Whitehall study, led by the Department of Prices and Consumer Protection, is being conducted into the recent claim by the Prices Commission that the nationalized industry's costs have been rising much faster than for the private sector.

It has been claimed by the Commission's experts that large price increases made by public-owned undertakings are not just a reflection of past price restraint policies.

The Government has authorized an internal study—the findings will not be published—in which departments dealing with state industries are cooperating with the Department to establish the validity of the Commission's tentative findings. Whether the results will be used to put new pressure on state industries to contain their costs in specific ways remains to be seen.

In its last quarterly survey, the Prices Commission devoted a special section to nationalized industry price rises, saying there was not as much truth as commonly supposed in the argument that the magnitude reflected a restraint exercised under earlier price control policies.

Evidence was presented by the Commission, not covering public enterprises, that prices had risen by 10 per cent in the private industry, and did not represent recoupment of past losses suffered on earlier stages of price restraint. Indeed, it argued that costs had risen so much that the charges could be even higher than they have been.

The Commission stated: "Our conclusion is that the very big increase in nationalized industry prices is simply a direct reflection of the extent to which nationalized industry costs have gone up; and the fact that nationalized industry prices have gone up faster than private sector prices is a reflection of the fact that nationalized industry costs have risen faster than private sector costs."

Third World nations fight plan for consumer-producer associations

New York, Sept. 14.—Industrialized and Third World countries, meeting here for the United Nations seventh special session on development and economic cooperation, were still in disagreement today on a number of essential points, which are holding up the session's final document.

The chief point of disagreement is the American proposal to create joint associations of producers and consumers for each raw material of world significance, and on transfer of resources, a reliable source said.

Mr Thomas Enders, a State Department assistant secretary for economic affairs, and Senator Perez Guerrero, Venezuela's Minister for International Economic Affairs, representing the sides, had an all-night meeting.

A number of Third World countries, particularly Peru, are strongly opposed to joint associations. They want only producers' associations which would try to control prices, as the Organization of Petroleum Exporting Countries does, in order to boost their export revenue.

The weakness in this is that most raw materials are also produced in bulk by the industrialized countries, and producer associations would not have the strength of Opec, which has a near monopoly on oil production.

To try to obtain the agreement of the "77" developing nations to producer-consumer associations, the United States has agreed to some concessions concerning the 77's proposal for an "integrated development programme", which would aim at an overall solution rather than addressing problems one by one.

The United States has also agreed to include in the final document a reaffirmation of the reference to industrialization of the Third World, which was adopted during the summer by the United Nations Organization for Industrial Development without American agreement.

The 77 also believe that the industrialized countries have not made sufficient pledges to increase their aid for development in proportion to their gross national product.

Last night, after a report to the 77 on his talks with Mr Enders, Senator Guerrero said the situation was still very delicate and it was impossible to say the negotiations had advanced, although they were not deadlocked.

Some Third World countries are afraid that Senator Guerrero is not strong enough to match Mr Enders, who has a reputation as a "tough" negotiator, which partly explains the hardening of their position. —Agence France-Press.

Unions reject Enka Glanzstoff findings

From See Masterman
The Hague, Sept. 14

All unions involved in the negotiations over the future of Enka Glanzstoff in West Germany, Holland and Belgium, with the exception of the union representing higher personnel in Holland, have rejected the findings of McKinsey and Co. concerning the company's prospects in the near future.

But the unions have agreed to continue consultations with Enka Glanzstoff management on reorganization of activities.

During a long and tough meeting on Friday the unions dropped demands for assurances from Enka that there would be no dismissals. Enka in turn has stated that any reduction in the labour force will be spread according to the ratio of staffing up independent plants for reorganization. These have been drawn up by Enka itself.

The unions in turn say that their counter-proposals will be based on their more optimistic prognosis, and not on the McKinsey conclusions.

Enka is losing more than £200,000 a day.

The unions will not commit themselves to the schedule set by Enka, aside from agreeing to receive the proposals on September 26. The unions disagree fundamentally with the McKinsey report, which states that there are major structural problems which have to be solved before the losses can be discontinued.

They claim that the problem is the generally bad socio-economic climate, and that no major structural reorganization is necessary.

Enka has said that its proposals would be based on the McKinsey report's conclusions, but McKinsey has not drawn up independent plans for reorganization. These have been drawn up by Enka itself.

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Post Office may restore cable orders

By Malcolm Brown

Britain's four major cable manufacturers could receive orders again from the Post Office before the turn of the year.

Cable leasing has been frozen since earlier this year because of a refusal by the companies—Standard Telephones and Cables, British Insulated Cables, Cable and Wireless, and Telephones Cables (an affiliate of the General Electric Company)—to open their books to the corporation.

The Post Office wanted to scrutinize the companies' records after the disclosure that they had been operating unregistered restrictive trading agreements in Post Office contracts. These activities were disclosed in *The Times* in March.

It is now being suggested—although the Post Office will not comment on the possibility—that the "truce" is being arranged. Under the temporary arrangement, it is believed, an agreement to disagree would be accepted by both parties, without prejudice to the Post Office's right, at some future date, to seek compensation.

The upheaval in another large section of the corporation's ordering programme, which has already caused GEC Telecommunications to announce plans for 4,800 redundancies among telephone equipment employees, makes it all the more imperative for a decision to be reached quickly. GEC and STC are heavily involved in telephone equipment supplies.

One significant reason for the companies' reluctance to open their records—although they all claim that the now abandoned agreements involved no loss to the Post Office—is that their action is still pending before the Restrictive Practices Court.

North Sea finance may face legal hindrances

From Marcel Berlins
Legal Correspondent

A warning that legal problems arising in England and Scotland law could adversely affect the financing of North Sea oil projects was given at a lawyers' meeting in Oxford last Saturday.

Lawyers from England, Scotland, Norway and Denmark, attending a weekend conference on North Sea oil and the law, were told that the unsatisfactory and uncertain state of the law and of government policy made it difficult for lenders of funds to obtain satisfactory security for loans.

Mr G. D. M. Willoughby, a London solicitor, explained that the oil still under the seabed could not be used as security for a loan, because the licence for the area had the right only to explore for oil and exploit it, but did not own it.

One possibility was for the lender to have a charge on the licence itself. This was easy when the licence was only a licence, but caused great problems in the majority of cases, where the borrower was one of several joint licensees. Mr Willoughby said.

The security could also be rendered ineffective by the licence being revoked by the Secretary of State for Energy. This was a "fundamental deficiency", he added, pointing out that under the Petroleum and Submarine Pipe-lines Bill, the minister would have even greater powers.

Ideally, a lender would like the Government to undertake to revoke the licence so long as the loan was outstanding, but the Government would understandably not do so. It was difficult enough in present conditions to find the money required to develop the North Sea oilfields—£1,500m in the case of a large field—Mr Willoughby said. The difficulties are compounded by governmental policies which are at best uncertain, and which at worst might seem confiscatory.

Mr R. H. Barclay, a Glasgow solicitor, said that under Scottish law, which would apply in most cases—the problems were even greater. It was not possible for a lender to be offered as security assets such as an oil rig (production platform) or a pipeline if they were in the open sea outside territorial waters. This was because these installations were outside the limits of Scottish law, he said.

A sub-committee of the Scottish Law Commission was at present studying the problem.

Government to expand tourist trade

It is the Government plan to take the most of tourism to help Britain pay its way, the Treasury says. During recent years Britain's tourist industry has received heavy investment in government assistance, it is the latest monthly economic progress report.

Consequently, it has the policy for considerable further expansion. The Government's aim is to maximize tourism's contribution to our ability to pay for our way.

Figures so far available for 1974 show a marked expansion in tourism over last year, up to the late 1960s Britain had an annual deficit in its international tourist trade, but this pattern had been radically altered in recent years. Britain's increased tourist earnings had overcompensated for payments. In 1974 there was a surplus of £150m.

Exports to Britain had climbed to 4.3 million in 1967 to 7.9 million last year. EC countries sent by per cent last year, accounting for almost half the total.

Last year Britain's tourist market came to an estimated 11.07m when over-100,000 visitors from the air and sea carriers were added. This larger figure accounted 4.1 per cent of Britain's total exports.

The number of tourists from the 12 EC countries rose from 17.1 days to 13.9, the average expenditure per day had risen from £3.1 to £4.0 and on each visit from £105.1.

Herr Schmidt attacks farm policy of EEC

Cologne, Sept. 13.—Herr Helmut Schmidt, the West German Chancellor, has called for a reform of the European Community's agricultural policy, which he described as a "mammoth misadventure of economic resources."

In a speech at the opening of the annual Cologne food fair, Herr Schmidt said it was irrational to plough more and more public money into maintaining unnecessary surpluses of agricultural products.

He was backed by many of the audience, representing employees from all spheres of the food and catering industry, when he referred to planned tax increases aimed at reducing the country's public spending deficit.

But the boos turned to applause when he attacked the EEC's agricultural policy and said he would oppose any increase in minimum prices for farm products.

He said he and Herr Josef Ertl, Agriculture Minister, did not reject a common agricultural policy, but it must be integrated into the collective aims of economic and political stability.

"We must all finally realize that the mammoth misadventure of economic resources is just as irrational in the long term as the continual use of public funds to get rid of the surpluses," he said.

The government will not agree next year to any decisions on agricultural prices if they do not blend in with the collective economic landscape.

Brussels: Herr Schmidt's attack raised few eyebrows among

European Community officials. Although there was no formal reaction at the Chancellor's statement, officials said privately that Herr Schmidt's views were already well known.

They noted that his remarks came just as the EEC Commission in Brussels had announced that farm support would go up by more than 20 per cent next year.

West Germany has been the keenest of the Nine to restrict Community farm spending. The commission's draft budget will be given a first examination by Community farm ministers at an informal session in Venice on Thursday.

Herr Ertl has been held partly responsible, particularly in the French press, for preventing agreement on a wide Franco-Italian aqueduct over wine because he refused any additional support spending from EEC funds.

The Chancellor is letting it be known that he will fight to keep next year's farm price rises to a minimum.

Rome: Herr Schmidt's speech was expected to find a welcome in Rome, particularly in view of the wine crisis which began with France imposing taxes on Italian wine imports, newspapers and politicians have been united in calling for a general overhaul of the Common Agricultural Policy.

In official circles there is a feeling the CAP is far too oriented towards the needs of farmers in Northern Europe, and largely ignores the problems of Mediterranean agriculture. —Reuter.

Food groups dissatisfied over prices

By Hugh Clayton

Although the Government has told food processors that it will allow price cuts on basic lines, food groups are dissatisfied. The industry is not satisfied with the counter-inflation plans.

The first shot in its campaign is likely tomorrow, when Mr Robert Wadsworth, a vice-chairman of the Food and Drink Industries Council, is to speak at the International Food Industries Conference in London.

The council was relieved in July when the White Paper, *The Attack on Inflation*, appeared without making a prime issue of the need to restrain food prices above all others.

Ministers have told the council that they expect some processed foods to be included in the list of goods of special importance in family shopping bills which are to be limited to price rises of 10 per cent.

But they accept that many profits are so low that the cuts made on listed products will have to be recovered through other means.

That was decided after the industry had shown that by the end of the third quarter of 1974 margins of some of the largest food processing companies had dropped to 40 per cent.

But the industry believes that ministers at the Department of Prices and Consumer Protection are more concerned with protecting the consumer than with supporting the industry. It claims that the rate of inflation this year has cancelled out the benefits of the Phase Four concessions.

30m-ton tanker orders cancelled in 12 months

By Peter Hill
Industrial Correspondent

Orders for 30 million tons of oil tankers involving nearly 30 million tons delivered before the end of the year, the likely further deliveries are estimated at a maximum of 20 million tons.

Referring to the oil traffic passing through the reopened Suez Canal, the consultants said that such traffic was about less than 8 per cent of the traffic passing through at peak times before the canal was closed in 1967.

Commenting on the outlook in the tanker market, the survey said: "Some oil owners are prepared to accept five to 10-year period charter rates, which may not fully cover their costs. The depression is certainly severe but not interminable, even for oil tankers, and especially for small tankers of the size now being scrapped in large numbers."

The survey was also gloomy about the prospects in the dry cargo market. Although it noted that tonnage requirements for Russian grain shipments might alleviate the situation for certain sizes of vessels, there was little respite for owners overall.

Negative growth seen for Belgium and Luxembourg

Paris, Sept. 14.—The Organization for Economic Cooperation and Development (OECD) predicts negative growth this year for Belgium and especially for Luxembourg, which has been severely hit by the collapse of the steel market.

The Belgio-Luxembourg Union, which should continue to register a current account surplus of about \$653m (£317m) this year despite the fall in world trade, the OECD said in its annual survey.

Recent trends in the Belgio-Luxembourg economy reflect a market in decline, with activity with no sign of recovery. "It is therefore likely that 1975 will see a further trend or even a slight downturn in gross national product (GNP) because monetary and budgetary measures taken since the beginning of the year seemed insufficient to cause an upswing."

Some recovery in Belgium's GNP was predicted during a first half of 1975, but its rate and strength would depend largely on world trade.

Belgian domestic demand had remained depressed throughout this year, with per capita consumption rising 1.5 per cent compared with 2.5 per cent in 1974. A pick-up was likely to begin in the second half of 1975, assuming a revival of activity which might put a stop to the rise in unemployment.

Bank of America to lease City office block

Bank of America has agreed to lease from the Imperial Group pension funds an 118,000 sq ft building in the City, where all its London operations, with the exception of the Mayfair office will be relocated.

The bank is to take on a medium term lease on the building, 25 Cannon Street, formerly known as Gateway House. The rental has not been disclosed, although the bank claims to be "quite satisfied" with the arrangement.

Gateway House was purchased by the Imperial Group pension funds in 1972.

Dewhurst bid for two freezer chains rejected

By David Young

Dewhurst, the retail butcher, has failed in a new attempt to join the Co-op and Bejam at the top of the freezer chain market.

Mr Colin Cullimore, managing director of Dewhurst, has confirmed that his company has been negotiating with two small freezer chains, but has refused to name the companies involved.

It is understood, however, that although negotiations have not been closed, the two companies have rejected the Dewhurst offer. Acceptance of the Dewhurst bid would have increased its freezer chain from its present 10 to nearer 100.

The Co-op and Bejam, with over 250 outlets between them, are the largest of the freezer centre operators and Dewhurst, which sells frozen foods in most of its butcher shops as well as in its specialized freezer centres, has made no secret of its intention to expand.

A spokesman for the company's freezer centre operations said that when circumstances allow an expansion programme will be put into operation.

Lockheed papers tell of Saudi agent's deals

Frank Vogel
ington, Sept. 14

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Corporation and the Swiss
Bank.

sure secrecy, Mr Khassoggi
mandated that communica-
regarding Lockheed com-
s not be sent either to
o Saudi Arabia, but
de was worked out where
would be known as

"Locust", Saudi Arabia's
"Zephyr", the jetstar aircraft
as "Orchid" and Lockheed
as "Caviar".

In his dealings with Lockheed
Mr Khassoggi often managed to
those set down in his formal
agreements with the company.
His commissions were always
high—15 per cent on one
\$8.5m deal in 1968 and even
more on some later deals.

He was also suspected of fail-
ing to give some of his commis-
sions to leading Saudi govern-
ment officials. One company
letter in August, 1968, notes
that an unnamed official com-
plains that he has not received
the \$150,000 from Mr Khassoggi
that Lockheed officials had
promised him at a Paris meet-
ing in 1967.

Also, it would appear that
Mr Khassoggi had no qualms
about working for rivals of
Lockheed. He has been known
to work for the Norrborg Cor-
poration, for example; and a
Lockheed letter in 1968 notes
that "a good source" has said
that Mr Khassoggi is also an
agent for a French rival.

In September, 1970 he asked
for an additional \$400,000 com-
mission for one deal, saying
that it was necessary because
"Triad has incurred unforeseen
additional direct costs and ad-

ministrative overheads". Later
this sum was termed "a special
adjustment".

But Saudi officials evidently
put pressure for cash on Mr
Khassoggi from time to time.
In March, 1971 he notified Lockheed that "he would be willing
to authorize a side agreement
to pay off an unnamed official."

In another communication in
the same year, concerning a
\$9m deal, Lockheed was in-
formed that the commission
would have to be 5 per cent on
top of the agreed 15 per cent
because an unnamed official
"will want some back on a
programme of this size."

In another deal in November,
1972 "special marketing ex-
penses" of \$600,000 arose for
Mr Khassoggi, which Lockheed
paid and Triad received for dis-
bursement to unnamed parties.
Deals at this time were said
to involve such people as Prince
Khalid, but his function is not
clear from the documents.

The Lockheed arrangements
appeared in late 1972 to be
fraught with danger as a cable
from Saudi Arabia gave a warn-
ing that "the code may have
been broken". But the deals
continued.

In August, 1973 an internal
Lockheed memorandum noted
that additional costs of around
\$100,000 to \$200,000 per aircraft

had been used by the
consultant for so-called under-
the-table compensation to Saudi
officials.

Statement by Triad: The Saudi
Arabian agent of Lockheed has
said that evidence in Senate
hearings on payments for
promoting sales was based on
misunderstanding, confusion
and hearsay.

Lockheed officials had told
the Senate subcommittee on
Thursday that the corporation
had paid Mr Khassoggi at least
\$106m to win sales from Saudi
government officials.

A statement issued later
through a spokesman for Triad,
Mr Khassoggi's consulting firm,
said: "I am surprised that the
chairman of Lockheed can be
so certain about the activities
of Triad when his own company
records do not substantiate
them and his company do not
know or consider if their
business how we utilize pay-
ments to us for our consulting
and marketing work for
Lockheed."

Mr Khassoggi's statement
said he would not comment
further "on the stream of
allegations made by Lockheed
and others until there is an
appropriate time and place to
set the record straight
formally." —Reuter.

Thorn research aims at 30 pc more efficiency

By Kenneth Owen
Technology Correspondent

A 30 per cent improvement
in the efficiency of light fittings
should be possible, according
to the research plans of Thorn
Lighting, the Thorn Electrical
Industries subsidiary.

Speaking at the Jules Thorn
Lighting Laboratories at
Enfield, opened by the Prime
Minister last Friday, Mr Tony
Willoughby, the company's
research and engineering
director, said new light sources
could be discovered and existing
sources could be developed to
give higher efficiency.

Cost of the new laboratories
was £1,250,000.

On other pages

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MORGAN EDWARDS
LIMITED
Wholesale and Retail Grocers
Results for the year ended 28th March, 1975

- ★ Group Sales increased by 18% to £19,955,176.
- ★ Trading profit before taxation up by over 34% to £302,938.
- ★ Maximum permitted total dividends of 23.96% (1974 22.47%).
- ★ Dividend forecast for year ending March 1976 of 2.32p net per share, an increase of 34.81%.
- ★ Steps are being taken to rectify the situation which exists in the Cash & Carry Division, and improving trends in both sales and profitability are continuing.

"Given any improvement in the situation nationally we should be ready to move ahead more rapidly than we feel able to do in the present atmosphere of uncertainty."

E. K. Edwards, Chairman.

BY THE FINANCIAL EDITOR

Going cold on an options market

Idea of setting up a Chicago-style option trading market in London, which generated so much enthusiasm when first publicly suggested in March, and not yet dead. But it does seem that they have been put on the shelf marked "low priority".

A Stock Exchange team which went to the United States to see the Chicago Board Options Exchange came back with a discouraging report on difficulties which would have to be overcome if such a futures market is to be started in London. And the Stock Exchange Council faced with a prospect of financial stringency was apparently not in the mood to consider seriously the sort of costs involved if proponents of a London-based option market for Europe were to have their way.

The upshot is that the special Stock Exchange committee studying the project, which has now made two interim reports to the council, has been sent away to think further about the problems. And it is clear that no great urgency is being attached to the matter.

Options, of course, can already be bought here through the three option dealing firms in London. But in Chicago, and more recently on the American Stock Exchange, options can be traded too.

It has provided valuable extra business for American brokerage houses and if the Stock Exchange set up a separate option market here the same could apply, assuming, of course, that British investors showed interest. Little wonder then that the London jobbers, now hard put to see how they can expand their traditional business and at the point where further amalgamations are all but ruled out, put up a highly favourable report on the setting up of an option market to the Stock Exchange's committee.

But the Stock Exchange itself takes a cautious view. For one thing there could be a political backlash. Those who believe that the stock market is little more than a gambling casino would only have their views confirmed if option dealing was started, and the Stock Exchange recognizes that it would be hard if not impossible to defend such an attack in the case of options. After all, they in no way contribute to the problems of raising funds for industry. Moreover, if an option market was to work properly, particularly one that took in continental European options, concessions might have to be sought on such points as exchange control and capital gains tax.

Not all the problems are political, however. The key to the Chicago system, which the Americans are apparently keen to see adopted in London, is the settlement committee which takes responsibility for stock written against options. If a dealer writes a "naked option" which has no covering stock he is required to deposit a substantial cash margin with the committee. Such a body would seem necessary for an option market but it would be a totally new development in London. So the question of settlement is a real problem.

There is also the difficulty about whether British companies would wish to see their options traded. After all it is of no benefit at all to them. In America there is a tendency to ride roughshod over such resistance.

But the greatest disincentive, at the moment anyway, is cost. For reasons of space and administration, an options market would require a new floor. The cost of setting all this up, then, could be £300,000 or more. It all suggests that an options market, if it comes to London at all, will not materialize for three to five years at best.

Meanwhile, what worries



Sir James Steel, chairman of Furness Withy, Eurocanadian hopes for talks.

some people in The Stock Exchange is that if London prevaricates another European centre such as Amsterdam might take the initiative and succeed like the Americans.

North Sea Still counting the cost

The shares of National Carboising and of Cawoods have responded very differently to last month's announcement that their North Sea interests were to be merged with those of London and Scottish Marine Oil Consortium. While Cawoods had moved ahead from 116p to 13p, Natcarb has slipped back to 32p.

This looks about right for the deal with Lasso will take some of the immediate financing strain off both Cawoods and Natcarb, their financial commitment to the Ninian Field is by no means over yet. Cawoods looks to be able to meet its commitment rather more comfortably than Natcarb.

Ninian (Block 3/8) is, pending further discoveries, by far the most important field in which the two groups have a stake, and that stake has been reduced from 3.75 per cent to 3.59 per cent in each case under the terms of the Lasso deal. The question now for the share price of both Cawoods and Natcarb is what value can be put on this residual stake.

It is notionally worth 41p a share to Natcarb and 43p to Cawoods, based on the estimated value of the oil. However, recent deals such as the Dampier-Champin Petroleum one, or that involving United Canas, have suggested that a discount of at least 50 per cent has to be applied when North Sea interests are sold out.

Supposing they retain their interests, as now seems likely, that question is over what sort of terms companies such as these two, or any of the industrial partners in Lasso for that matter, can hope to get on oil for which they have no use themselves. It must always be true that oil companies who are not oil producers must be in a better position to produce good margins than non-oil companies.

This problem is not helped by the fact that Ninian is now talked of by some analysts as a "marginal field" on the basis of reserves to capital expenditure ratio. In the case of say, the Thompson/Piper field this is a comfortable 1.8 whereas for Ninian it is a slender 0.43.

Taking account of production schedules and the front-end loading on bank interest charges, Ninian could actually be reducing Cawoods' and Nat-

carb's earnings by 0.4p a share in 1977, and producing meaningful earnings—around 51p a share each—only by 1979. For Natcarb, capital expenditure on Ninian could be £214m per annum, averaged over the next five years while average cash flow from the oil will be negative during this period. Natcarb's gross cash flow last year was £12m. If this suggests outside financing in respect of the North Sea interest, then Natcarb's still high, albeit reducing, gearing should be borne in mind.

Furness Withy Interpreting Eurocanadian

There are two ways of interpreting Eurocanadian's revelation, at the end of last week, that it had picked up additional Furness Withy shares to bring its stake up from the 28.55 per cent earlier revealed to 28.73 per cent. On the one hand it can be interpreted as an exercise in gamesmanship, with Eurocanadian playing on Furness Withy's nerves to the tune of a surrender of Manchester Liners.

Granted that we do not know the price which Eurocanadian has paid for the stake it has so far acquired, it is obvious that the "investment" purposes for which it claims to have purchased rather more than the 4 per cent field on the shares at their present 227p. And indeed, Eurocanadian is quite open about the fact that it is hoping for "mutually satisfactory" talks with the Furness Withy board about the North Atlantic container routes in which both it and Manchester Liners participate.

However, Furness Withy's reaction to Eurocanadian's initial attempt, a year ago, to acquire Manchester Liners, suggests that it will take more than an exercise in gamesmanship to convince the board of the desirability of abandoning routes which—since the agreement with Canadian Pacific, the largest force in transportation in the lower St Lawrence River—have proved distinctly profitable. If Eurocanadian, the third force in container shipping out of the St Lawrence, is to fight its way into these mutually satisfactory arrangements, it will have to convince the Furness Withy board of its will and ability to take things further.

After such a demonstration of persistence the will can hardly be in doubt; but the ability is more open to question. Eurocanadian, as part of the CAST Group, has financed the greater part of its share purchases so far, it says, out of internal funds; but any further purchases will require outside financing—and on a considerable scale. To buy out the rest of Manchester Liners, at the present share price, would cost £14m; to take on the rest of Furness Withy, at present levels would cost over £43m; and at the 350p-upward at which a bid would probably have to be pitched would cost around £70m.

However, there is in existence an agreement, subject to the formalities of acceptance by the Canadian Transportation Commission, for the state-owned Canadian National Railways to take up a minority stake in Eurocanadian's two parent companies. And the Canadian government is, for strategic reasons, believed to be particularly anxious to see a national shipping line developed. To buy a company with a fleet in existence already comes a great deal cheaper than building one from scratch. Manchester Liners' fleet, for example, is in the books at £25m as against an estimated replacement cost of £70m. And it takes a lot less time, too.

The authorities, it seemed, were taken by surprise at the popularity of the new index-linked National Savings issues. The reason for introducing them, with their characteristic of effectively no interest but a guarantee of preserving the investment against inflation, is an important indication that the public's attitude to inflation is changing. The "money illusion" is beginning to crack. It is only surprising that it has held so firm for so long.

Now even what is supposed to be the relatively unsophisticated public which typically uses the National Savings movement has come to the conclusion that a zero "real" rate of interest is better than a high "nominal" rate of interest, when inflation is still higher.

The development was not evidence that the authorities were conducting an experiment in the marketing of index-linked government debt. For the moment at least, savers' lenders, contrary to the Government and others at negative real rates of interest. The motive, as with most of the National Savings movement's activities, was social rather than financial; a fatter deal for the unsophisticated small saver.

Yet it is a piecemeal move in the

direction of indexation and an indication that the practical debate about its merits is continuing. This debate, at a semi-popular level, should be further advanced by a timely and comprehensive review of the indexation issue published today as an IEA pamphlet.

Its authors approach each aspect of the question theoretically, rather than through the considerable practical evidence of how indexation has worked. Yet some conclusions stand out.

First, indexation is not, as some claim or at least hope, a painless way of reducing the level of inflation. It is merely a way of absorbing (by expressing changes in wages, pensions, savings, rents, taxation or whatever in real as opposed to nominal terms) the gross redistributions of income that inflation causes, without legislation or declaration of public policy.

Thus general indexation could reduce social tensions during a continuing period of inflation. To the extent that, say, wage settlements contain an element of insurance against the possibility of extra, unexpectedly high inflation before the next settlement, payments made on the basis of an index of the actual inflation might result in lower payments.

Further, the authors hold out a carrot designed to be attractive to

right and left alike, namely that under such a system there would be no need for statutory interference in the system of free collective bargaining. Their argument is that incomes policies are designed to restrain "nominal" pay settlements, which with indexation would not be necessary "because negotiations and settlements would be in "real" terms.

This argument is based on the assumption that in such a new era of "realism" the Government would not rescue employers who conceded excessive, indexed claims and that employers have only been paying inflationary nominal wage increases because they assumed that they could be recovered through higher prices in a general atmosphere of inflation. Both of which assumptions about the causes of inflation some may find flimsy.

A second general conclusion is that the Heath Government's experiment with threshold payments gave indexation an undeservedly bad name. The critical requirement is that there must be no element of both eating and having the cake.

The Heath thresholds were an inflationary timebomb which exploded because they came on top of (and not as a substitute for) a high level of wage settlements. Also, they were

triggered by the retail price index, the National Savings arrangements. This pamphlet, effectively that the retail price index, conceptually and in practice wrong base for such an index, the purpose of indexation is a mechanism for offsetting the fall in the value of money.

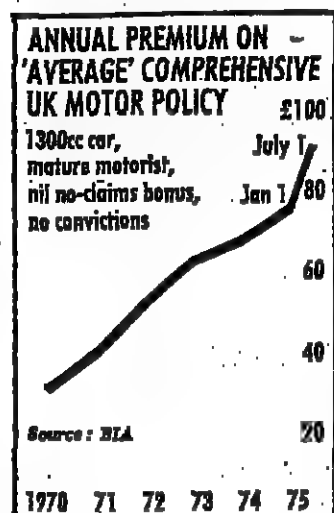
Retail price indices however include such things as the effect increases in indirect tax on relative price changes, unrelated process of monetary inflation. I with the index as a trigger, men's look at policies not in intrinsic merits but in the effect on this particular with resulting distortions, chronicles and price controls.

The authors propose the home costs" index, at quarterly, as the basis for any spread of indexation, on the; that it is a more neutral mea the process of monetary. Because whatever the pace theoretical debate, we are ca an ad hoc spread of ind this as a technical point of s portance.

Taming the Tiger by Richard J and Kurt Klappholz, Insti Economic Affairs, 2 Lord Street, SW1 1L.

Anthony Rowley looks at the accelerating cost of motor insurance

Soaring premiums for the driver, but little profit for underwriters



Thus a really vicious trend has developed this year, with premiums climbing at a breathless rate in pursuit of spiralling costs. Insurers generally will be lucky to break even on their 1975 motor account.

As most motor policies are issued for a 12-month term, premiums have to be loaded at the beginning of the term with a percentage calculated to cover the rate of inflation during the life of the policy. In the early part of 1975 however, the prospective rate of United Kingdom inflation began to look like a completely open-ended calculation. The insurance companies' reaction was to play safe and raise premiums by amounts they hoped might offset them some safety margin.

Rates of increase differed as between companies, according to their particular portfolios and existing rate structures, but the average increases have been running at an annual rate of around 20 per cent. Several companies, including Royal, Cornhill and Sun Alliance have had two increases this year—well in excess of 20 per cent in total.

The Department of Trade has shown perhaps surprisingly little reluctance to let through increases of this magnitude. The D of T though, apart from being the premium vetting authority, is also the official guardian of insurance companies' solvency. Whichever memories of the V & G collapse are still fresh and, with that and its aftermath in mind, the D of T appears to be taking no risks now.

This may look like rough justice to the motorist with a good record but the whole essence of pooled risks is that the experience of the few affects the many. As in so many other

spheres too, the effect of inflation on insurance is ingenious in the sense that it makes no distinction between weak and strong economic groups. Wage inflation is the real root cause of the motor insurers' problems.

Garage charge-out rates for insurance-funded repairs rose by no less than 26 per cent in the 12 months up to July 1, compared with a rise of 15 per cent in the previous 12 months. Spare part prices, which make up 60 per cent of repair costs and are largely influenced by labour costs, rose by an average 32 per cent, against 20 per cent in the corresponding 1973-74 period.

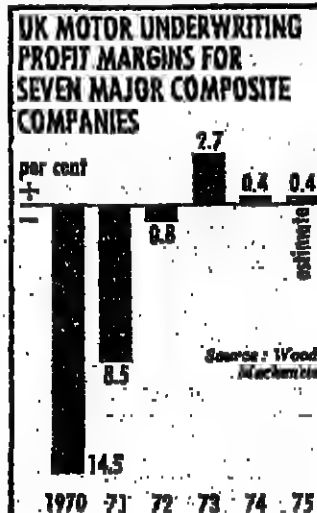
Wage inflation has affected motor insurance in more insidious ways too. One of the principal elements in court awards made under third-party motor insurance claims is the loss of earnings capacity caused to an accident victim.

Not surprisingly the courts have been taking a more generous view of what loss earnings could amount to in the light of present inflation. Past earnings lost are no problem; it is the estimated future earnings that matter. Damages for so-called "loss of amenity" such as, say, the loss of an eye, have doubled from £2,000 to £4,000 or more over the past few years.

All this has frightening implications for the insurance companies whose historic calculation of risks bore little relation to the actual level of awards at present. Not only are they having to pay out much greater sums on settled claims but they also need to reserve much more against outstanding claims, on the assumption that awards will continue to rise in line with inflation. Underwriting profits, in any one year are struck after making provisions for such claims incurred but not settled in that year.

Recently one leading United Kingdom motor underwriter was confronted with a then, record award of around £100,000 made to a motor accident victim under an action brought against one of the company's policyholders. And awards of this size are becoming more common.

Motor premiums tend automatically to take care of the rise in claim prices—now running at near 30 per cent for new



vehicles, and 23 per cent for those according to the BIA.

—but the high proportion of foreign cars sold here is complicating the issue. The non-availability or difficulty of obtaining spare parts for at least some of these is leading to an increasing incidence of insurance write-offs, something not allowed for in advance by premium rates.

Yet another reason why motor premiums have risen much more steeply so far this year than in the first half of 1974 is the increased frequency of claims. The oil crisis and the sharp rise in petrol prices cut the average frequency of United Kingdom claims by 5 per cent in the early part of 1974, which had the effect of masking the true incidence of inflation on motor claims. By early 1975, however, habits had reverted to their normal frequency of claims.

Everything new hinges on the critical question of wage-inflation. Insurers are hoping that the 55 maximum wage increase will bring some alleviation, though it is unlikely to show through in claim costs until the end of this year at the earliest.

Meanwhile, premium adjustments are almost certain to become more frequent. Six-monthly reviews are now common, and last month, the Pearl Assurance when raising its rates for the second time in six

months, gave a warning might have to increase quarterly intervals in future. The rate of inflation, June the then chairman, BIA, Mr. Aonghaire Ma suggested that unless co improved rates could every month.

There is no suggestion stage that companies start limiting the life of to, say, six months; a t Union has done in 1 in order to get premiu ing up as fast as pos that problem-laden most ance market.

But General Accident, the leading motor which last month in index-linked home is policies, is not ruling possibility of extendi principle in some form t insurance.

A consortium of four motor syndicates, Kpi Shipton Motor, Polle Lloyd's, part of Shipton Services, has brought in index-linked rates. This is the first and only scheme like so far, and involves holders in paying monthly by direct bank. The debit is varied in ance with the Departu Employment earnings (though only with the holder's consent), and argues that this rules shock of a 20 or 30 p annual rise.

Perhaps the only on for the motorist is that average comprehensive annual premium shown table compares with ver higher continental pre. According to the BIA, a equivalent policy in would cost £305; in G £306; in Switzerland £230; in the leads £228. In Italy onl party cover is obtaina that would cost £157.

Because comprehensive is so expensive on the Con by far the greatest prop of claims are made unde party cover and this has to force third party rates near those on compr policies. Continental pra are, in fact, rising. The frequency of claims ther in Britain.

INTERIM STATEMENT

Reyrolle Parsons Limited Improved half year results

The trading results for the half year are considerably better than for the first half of 1974.

For a number of years, the Group trading profit for the first half has been much less than that for the second half. The reason of the incidence of major contract completions. The difference in profit will not be so marked in 1975 as a better balance of completions has been achieved.

Recent labour disputes have interrupted production in some works, but if throughout the Group normal working continues for the remainder of the year, the results for the second half should show further improvement and accordingly, the views expressed at the Annual General Meeting in June regarding the results for 1975 should be fulfilled.

Associated company profits are predominantly from abroad with Canada as the principal contributor.

In 1974, the bulk of redemptions of Loan Stock occurred in the second half, whereas in 1975 a substantial amount of Loan Stock has been redeemed in the first half. The profit from this source will therefore probably be lower in the second half. The Company's obligation to redeem 7½% Unsecured Loan Stock 1988/93 for the year ending 30th September, 1975 has been met.

The reduced amount of interest payable reflects the improved liquidity position and lower interest rates.

The order intake for most products is satisfactory and has been sustained mainly by our response to strong demand from overseas; but low and uncertain demand in the U.K. for generating and transmission equipment is still a major source of concern.

No interim dividend has been declared for 1975 (1974: nil).

J. B. Woodeson, Chairman.



The International Power Engineering Group.

| Interim Results 1975 | Six months to 30 June 1975 | Six months to 30 June 1974 | Year to 31 Dec 1974 |
|-------------------------|----------------------------|----------------------------|---------------------|
| £000 | £000 | £000 | £000 |
| Group Turnover | 51,527 | 44,263 | 104,395 |
| Group Trading Profit | 3,088 | 2,001 | 6,263 |
| Group Profit Before Tax | 3,268 | 1,255 | 4,513 |

Reyrolle Parsons Limited, Cuthbert House, All Saints, Newcastle upon Tyne NE99 1NS.

Business Diary in Europe: French leave • The Italian job

Less than a fortnight ago, Sir Frederick Catherwood, chairman of the British Export Board, was telling the British press in Paris that the United Kingdom's very small share of the French market (only 4.5 per cent) was behind West Germany, the Benelux, the United States and Italy. He held out golden opportunities for British businessmen now that 10 years of waiting at the door of the EEC and two years of dithering were over.

But the message does not appear to have got through, judging from the lukewarm response so far to an impressive effort by the British Chamber of Commerce in France to promote Franco-British trade.

The chamber is staging a two-day congress in Paris on October 9 and 10 on the theme "Entente Cordiale—The Hook" for which an impressive panel of speakers has been lined up from both sides of the Channel.

It is headed by the Duke of Kent in his capacity as president of the British Overseas Trade Board, and includes as the star speaker on the French side, Michel d'Ornano, the Minister for Industry. Other speakers include Sir Ralph Botherham, chairman of the CBI, Francois Ceyrac, president of the French employers' federation, Paul Laubard, president of the Paris Chamber of Commerce; Lords Duncan Sandys, Goodman, Polwarth, and Briginshaw of the TUC General Council; Sir John Pringle, chairman of the National Westminster Bank, and Michel Geudet, president of the

Federation of French Insurance Companies.

One would have thought these names would have acted as a sufficient draw, quite apart from the opportunity offered to businessmen from the other side of the Channel to compare notes and establish contacts with their French counterparts.

Several thousand invitations have been sent to leading British companies and to others through professional organizations in Britain, yet so far there has been only the merest trickle of replies.

French companies have been much quicker on the uptake. The fact that their representatives at the congress do not have to pay the fare to Paris or their board during their stay in the French capital, or that the Chamber of Commerce is asking £100 per head for participation (including two nights' accommodation), is not sufficient explanation for this British reticence.

A big boost in British exports to France would seem to be well worth £100 and a little effort at salesmanship, the more so as the congress is well timed to cash in on the £3,000m reflation plan of the French Government, adopted by Parliament last week.

The tax game

Bruno Visentini, the Italian Finance Minister, has had to admit defeat and say goodbye for the time being to Athens. Anagrate Tribunale Elettorale Nazionale, a project where by the government fondly

thought it could force Italians to abandon the time honoured sport of tax evasion.

The idea was that the details of every tax payer, whether individual or corporate, would be listed on a huge computerized register, so that no one could escape the net. The minister would just have to press a button to know immediately if anyone was in arrears.

The project was at the basis of the radical taxation reform introduced in 1973 and 1974. A five-year contract, expiring at the end of this year, was concluded with IBM Italia for the share of two specially constructed central computers and 107 peripheral laboratories for a total payment of 14,500m lire.

When Visentini became Finance Minister last December, he found that less than four million code numbers had been assigned for the 10 million or so individual taxpayers. Among the slowest organizations to come up with details of their employees, Biraghi, Lossetti said, were government ministries.

Visentini, he said, had now asked him to take back 103 of the 107 laboratories, which were lying unused, and at least save about 3,500m lire on the 14,500m lire 3.5 contract.

But IBM, Biraghi Lossetti added, "hopes that the ministry succeeds in organizing itself so as to take up the old project." Otherwise not only the work of five years "but also several billions of public money will have gone up in smoke."

(more than £10m). Equipment for 2,000 terminals was bought from Olivetti.

Lodovico Biraghi Lossetti, chairman of IBM Italia, has said his officials were surprised at the diligence and enthusiasm with which Finance Ministry civil servants started collaborating on the project. But, then, in spring 1973, "suddenly their offices emptied, so that literally the hands and the heads were lacking to undertake the work of gathering data."

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Thorn for Thorn

At first sight, Luxembourg's Left-Right coalition government would appear to be a good example of the economic and social problem on its hands. Latest figures show that the dole

queues in the Grand Duchy have grown by no less than 800 per cent since 1970.

It is unlikely, however, that Luxembourg's Socialist Labour Minister, Bernard Berg, has lost much sleep over the problem. Berg, according to his boss, Prime Minister Gaston Thorn, the actual number out of work at present is just 27. Even though Thorn's disclosure made in a television broadcast last week, compares somewhat unfavourably with last year's jobless total of three, Luxembourg's unemployment quota (given that the duchy must have a working population of more than 100,000) stands up pretty well in international comparison.

Not that Luxembourg has remained unaffected by the recession. It just seems to have been more successful than most in spreading out its evils. Thus in September some 860 workers, employed mainly by small businesses, were by short time while a further 1,200 were being kept busy under the government's new emergency employment law. This device, which came into effect at the end of July, enables companies to transfer some of their labour force for a limited time to public services' employment on such tasks as road building or sprucing up the environment.

The idea is that when the economy picks up again, these workers, who were mainly employed in the Luxembourg steel industry, will return to their old jobs and the Grand Duchy will return to business as usual.

LETTERS TO THE EDITOR

Negative thinking on profit spreads to British Rail

From Mr G. E. Powderham
Sir, The information that British Rail now proposes a substantial cut in services in order to save costs directly implies a reduction of manpower against a background of rising unemployment.

This exactly parallels the economic thinking of the Post Office, whose only answer to a deficit is higher prices and a reduction of services.

This negative process has now been going on for 20 years and there is no evidence to suggest that it will be any more successful now than it has been in the past.

Surely in terms of under-utilizing the enormous capital investment in these industries of all the supporting private sector manufacturers, the policy they are pursuing guarantees eventual greater losses, inducing reduced and increasingly uneconomic volumes of traffic.

Do they ever seriously consider the possibility that a substantial cut in their price structure might achieve at least as

good a financial effect and at the same time have the beneficial side effect of increasing the quantity and quality of public service, improving productivity, even possibly leading to an expansive era creating more worthwhile employment.

The probable answer is that such a financial policy would be enormously risky, it might fail, losses would be made if the potential additional traffic did not materialize; but at least the general public and business community would have had the opportunity of utilizing a highly productive competitive quality service.

In circumstances of high unemployment this could surely constitute a worthy initiative demonstrating a constructive and imaginative approach within the limits of our biggest public service industries well worthy, of Mr. Healey's backing.

Yours faithfully,
G. E. POWDERHAM,
60 Beech Hill,
Barnesley Wood,
Hertfordshire.

Housing capital gains tax

From Dr A. T. Kuhn
Sir, Your readers (Sept. 12) are right to raise the issue of capital gains tax on houses in which profits have been lost to lenders. In this case, of course, nothing more than an example of the general inequity of CGT which, operating in a time of severe inflation, becomes a tax on the loss of value.

The Chancellor has publicly recognized this and promised to look into the matter. It is to be hoped that he will be as good as his word. This said, one must confess some misgivings at the actual figures cited by your correspondent Mr. Hill. If he paid £2,500 capital gains tax, it would seem the chargeable gain was £7,500 (33 per cent rate). However for

tax purposes, the total capital gain on sale of the house is apportioned according to the fraction of the house used for the "profit-making" activity.

If two of the three bedrooms were let, one would guess the apportionment might be in the ratio 1:3 (assuming the downstairs rooms remained in the occupancy of Mr. Hill). On this basis, the total profit on sale of the house would be £22,500 of which a third would attract the CGT.

I gather houses are dearer in Birmingham than Salford. But the total gain (after only three years) on the sale of a three-bedroom house was £22,500, the mind boggles—where's the catch, Mr. Hill? Yours faithfully,
A. T. KUHN,
12 Whitehall Gardens,
London, W4.

The curious logic of VAT

From the Rev. Alex Pullenayegum

Sir, Your correspondence (Sept. 12) might like to know why the supply by the Post Office of any services in connection with the conveyance of postal packets is expressly exempted from VAT under exemption group 3 of Appendix 3 of the VAT Scheme and Regulations, 1975.

The VAT Office, Southall, with whom I have been in correspondence, argue that this exemption applies only when the Post Office sells stamps, and that once a trader buys the

stamps VAT may be charged for the use of the stamps by the trader.

I fail to follow this logic. The stamps represent nothing but services provided by the Post Office whether when bought over the counter or stuck on to parcels.

I am accordingly declining to pay VAT to the trader, and shall enjoy receiving a summons. Yours faithfully,
ALEX PULLENAYEGUM,
St Luke's Vicarage,
Church Road,
Reigate, Surrey,
September 12.

Pilot lights a heavy waste of energy

From Mr Gerald Foley

Sir, At £18.20 per year for three pilot lights Mr. Mather's coin meter is hardly overcharging him—but it could well be undercharging.

Gas pilot lights are surprisingly heavy consumers of gas. Left burning all the time a typical pilot light uses about 40 therms a year. At 17.5p per therm this works out at £7.00 a year for each pilot light.

There seems little justification for having pilot lights on cookers. The inconvenience of using matches or a spark lighter is very minor. It is an interesting reflection that the gas consumption by the pilots in a cooker can easily approach that for cooking.

In the case of central heating boilers and geysers the pilot light has a safety function: it ensures the ignition of gas when the appliance is automatically brought into use by a time switch or turning a tap. There is, however, no serious obstacle to the use of automatic electric ignition in these cases and this would consume a negligible amount of energy.

It is difficult to imagine why this has not already happened: a pilot light which has been accidentally extinguished can be quite a serious hazard and this would not arise in the case of automatic electric ignition.

There are large savings to be obtained from eliminating gas pilot lights. Gas boards should, as part of the national energy saving campaign, be prohibited from installing them in future. And serious efforts should be made to devise a simple kit which can convert existing boilers and geysers to electric ignition.

Yours faithfully,
GERALD FOLEY,
12 Whitehall Gardens,
London, W4.

Sacrifice of £50,000

From Mrs D. M. Ede

Sir, I find it very galling two days after receiving a message 10p a share from the state on behalf of my holding in British Leyland—read that the new chief executive is to receive a remuneration of £50,000 a year, "the highest paid man in the publicly owned sector of industry".

I thought we were all asked to make sacrifices. Yours truly,
D. M. EDE,
Barn Corner,
Fildes,
Lechlade, Gloucestershire,
September 10.

Industry in the regions

Scottish Development Agency needs the right teeth to be effective

Early next year the Scottish Development Agency will begin work, bristling with the hope, expectation and the scepticism which has been pinned firmly to it. As with the Scottish Assembly, to which it may ultimately be responsible, the powers, motivations and tasks of the agency have not yet been precisely defined.

There seems little justification for having pilot lights on cookers. The inconvenience of using matches or a spark lighter is very minor. It is an interesting reflection that the gas consumption by the pilots in a cooker can easily approach that for cooking.

So far, Sir William Gray has been appointed part-time chairman, and a search is on for a full-time chief executive among the high ranks of industry. An organizing committee forming a nucleus for the ultimate executive board will be announced shortly.

The agency will have twin responsibilities for regenerating industry and improving the environment, which in west central Scotland is an admirable goal. The agency's budget of £200m to £300m to cover the first five years' operation may seem modest.

The Scottish National Party believes the agency should have an annual budget of £100m in its first year of operation, rising to £300m annually by the fifth year.

Whatever the details of the budget, the principle of the SDA is important. It could clearly become an important force in restructuring Scotland's industries and in the development process now under way.

What concerns private industry is the SDA's power to establish "subsidized conditions" and possibly in competition with existing firms. The agency would argue that the need for growth and new jobs in Scotland is such that "subsidy" is justified and with judicious planning an unfair competition can be avoided.

If the agency has to steer a careful course in this relatively small sphere, it will have to be even more cautious in the wider area occupied by the National Enterprise Board, the several new town development corporations, the Highlands and Islands Development Board and the other arms of local and national government.

Ronald Faux

Business appointments

Hymac names new chief

Mr J. R. Fitzgerald has become managing director of Hymac in succession to Mr R. A. Smith, who has resigned for personal reasons.

Mr Peter Coy has joined the board of Ayrer Offshore as director of engineering.

Mr A. R. Smith and Mr E. Macdonald have resigned as directors of Bellair Cosmetics.

Mr R. Dickinson has become a director and secretary of Levens. Mr J. R. Smith has been appointed managing director of Stanley Gibson Cosmetics.

Mr R. Dickinson has been appointed an assistant director of Barclays Bank (London and International).

Mr Malcolm R. Bates has been made executive chairman of Spey Investments and Mr John R. Bates has been made executive chairman of Spey Investments and Mr John R. Bates has been made executive chairman of Spey Investments.

Mr Derek E. Kemp becomes a director of Lewis Alkman and Co on September 20.

Mr David Monaghan has been appointed to the board of the Ashdown Investment Trust.

Mr Michael K. Ingle has succeeded Mr Barry Fuchs as managing director of Stewart Wrightson (North Eastern).

Mr Donald Tapp has been appointed company secretary of Charles H. Edwards.

Mr Robert Muir has been named retail director of International Stores.

Mr Brian McMahon has succeeded Mr F. Jordan as director, parts and service division, Chrysler United Kingdom.

Mr G. G. Prescott is to be named director of Rental from October 1.

Mr B. Shack has resigned from a board of Radley Fashions and Textiles.

Mr D. Buckley-Sharp has been appointed a non-executive director of Gibb's Paints and Mr T. W. Bannister has been appointed director of Barrow, Lane & Bellard.

Ronald Faux

FINANCIAL NEWS

ML Holdings feeling its way in hard year

By Tony May

With a record year behind them, the board, headed by Mr R. N. Mobbs, of ML Holdings, the Slough-based manufacturing engineers, find it virtually impossible to forecast the outcome for 1975, as long as inflation remains higher in the United Kingdom than elsewhere. Exports, both direct and indirect, accounted for a goodly part of last year's £306,000 profit, but the ability to continue exporting becomes increasingly more difficult.

The board rates the group's skill and experience in the fields of aircraft equipment, armaments and engineering as invaluable assets in combating the various industrial and economic problems facing it. Among the difficulties of engineering and aviation companies trying to plan and invest in the future is uncertainty about possible further defence cuts. There is also the worry of the possible nationalization

of part or the whole of the aircraft industry.

A worrying aspect for specialist equipment companies which may be nationalized is whether the nationalized sector will then undertake work which would otherwise go to established specialists in the private sector in order to maintain employment levels.

Reviewing the results and prospects of individual group companies, the board says that ML Aviation is now under contract for a whole range of new and varied projects, and providing these continue the future is bright.

The company continues to sponsor private development work and, during the past year, production orders worth over £500,000 have been received from the British Government and the United States for one project.

The engineering companies continue to achieve a high output of which a large part goes for export.

Payout held but profits fall for Edworks (1936)

Back in May, Mr B. Dodo, chairman of Edworks (1936)

warned that a continuing deterioration in business conditions was depressing trading by this South African shoe group. The year to June 30 had ended with a pre-tax profit down from R3.7m to R2.59m (£1.72m), although turnover was up from R2.6m to R3.6m (£1.6m).

After tax, profits fell from R2.1m to R1.6m. A loss of R8m, against a profit of R132m attributable to minority shareholders in subsidiary companies leaves retained earnings at

R1.09m, against R1.53m. Earnings a share are 26.2c, against 33.5c.

In his earlier statement, Mr Dodo warned that volume sales were substantially lower, and a drastic reduction in margins was necessary to sell off the big stocks which had resulted. This has now been done, but the effect on profits. Also, production has been cut in the interests of liquidity, and this has also undermined profits. The dividend, however, is maintained at 8c a share.

Chas Early down as demand wanes

In June the board of Charles Early & Marriot (Witney), under Mr A. Hopkins, the chairman, was warning that orders were harder to get, while sales and production for the first quarter were below budget although on a level with the previous year.

The pre-tax profits for the half year to August 1, reveal a drop from £194,000 to £179,000 on turnover up from £2.18m to £2.21m. Sales were made up from £42,000 of exports, compared with £48,000 and £1.67m of home trading, against £1.63m.

The interim dividend is held at 0.31p net, giving a slight rise. Mr Hopkins reports that the home market has been quiet and stocks have increased. However, he sees some slight signs of improved demand, while exports continue to expand.

Albright sells Wakefield unit

Albright and Wilson Ltd. and Green's Economiser Group have reached agreement for the sale to E. Green & Son, a wholly-owned subsidiary of Green's Economiser, of Albright's business in ammonia-based products manufactured at Wakefield, together with all land, buildings and necessary plant.

The consideration is £550,000 cash, plus the stocks and work in progress at valuation by the boards of Albright and Green's on October 1—the date from which the sale is effective.

The net book value of the first assets being sold is £201,000. The factory site of 10½ acres adjoins E. Green and Son, and a further 35 acres which has been largely used for waste disposal. All 45½ acres are freshhold.

Straits Trading slips to \$7.21m

Lower prices for tin and rubber put a damper on interim pre-tax profits of Straits Trading, the Singapore-based buyer and smelter of tin, which also deals in non-ferrous ores and metals. Profits for the six months to June 30 ended from \$7.25m to \$7.21m (£1.38m).

Turnover for the period went down from \$382m to \$309m, including income from property of \$1.24m, against \$1.19m, and investment income of \$4.58m, against \$4.79m.

The interim dividend is raised from 8c to 12c, but the board says that this is intended only to reduce the disparity between payments and carries no implications of a higher total for the year. Last year the total was 24c.

The volume of tin ore received for smelting exceeded that of the same period of 1974, but a heavy rain introduced during April, 1975, will affect the intake in the second six months.

Investment income was basically unchanged, but will be reduced in the second half as a result of lower commodity prices and the realization of some investments.

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facturing facilities at Yokosuka City by next spring.

The Japanese companies are Nippon Shokubai, Seiken Kagaku and Toyo Menka.—Reuter.

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Rolls-Royce Motors, and GKN among interims

The spotlight falls on interim results this week with a clutch of household names. Among them are Rolls-Royce Motors, British Printing Corporation, GKN, RTZ, BICC and United Biscuits. Particular interest will be paid to Rolls-Royce today so soon after its one for seven rights issue at 36p to raise £2m.

Last year the group made pre-tax profits of £1.7m in its first half. Diesel engine prospects are thought good but margins on cars will be watched carefully.

Tomorrow brings Grindlays Holdings when details of a capital reconstruction, and possibly of a rights issue are awaited. The shares have been a little firmer of late, Friday brings an interim from boiler-maker Babcock & Wilcox where again there is talk of a rights issue.

Today's Interims—Applycard Co. BBA, Cap. Chas. Clifford, Crossley Bldg Prods, Federal Land, Stanley Gibbons, Pataki Rubber Estates, Rolls-Royce Motors, Unicorn Ind. United Biscuits, Finals, Audio Film, Chambers and Fargus, and Jentique Hides, Television.

TOMORROW Interims—Rank of Scotland, BICC, Brit Mohair Spinners, Bury Masco, Cohen Bros, Electric Gen Inv, Grindlays Hldgs, Thos. Jordan, Lufarge Orgs, Law Land, Silver Mines, Stone Platt Trade Indemnity, Wadham Strangers, James Wilkes, Final, Galskamp, Ricardo & Co, J. Walker Goldsmiths.

WEDNESDAY Interims—Bemrose Corp, Bifurcated Eng, Bondage BSR, Chas. Clifford, Danish Bacon, Eagle Star, Granpian Hldgs, A. Howden, Lex Service, Ldn City & Westcliff Prop, Muzh Mackay, News Intl, Ruzh Tilling, Final, Midhurst Wale, Secord City Props, Wade Dept Stores.

THURSDAY Interims—Associated Fisheries, Bridon, GKN, Harris & Sheldon, G. Holt, Prods, Home Charm, J. R. Prudential, Rosedale Inv, Tst. Sale Tilney, Schroders, Trust & Agency, Wadkin, Williams & James, Vickers, Final, Amalgamated Tin Mines Nigeria, MTV, Stin Kims Conts.

FRIDAY Interims—Babcock & Wilcox, British Printing Corp, British Titan, Dorado Hldgs, Reunion prop, Ritz Hotel Ldn, Finals—Greaves Orgn.

Management

Continuing the pursuit of happiness at work

• importance of individuals, the strength of feeling ascribed to them, is seldom so early demonstrated as when they show signs of sickness. A sickness of a great man attracts the attention of the whole nation.

As with individuals, so also with institutions, and few today are attracting more attention than the malaise of the British corporate sector and its employees. There is a full spate of a cancer of the articles, seminars, and ole discussion attempting to yse the defects of management, the national work-force, structure of companies, and economic environment in which they operate, and sound solutions.

The latest contribution comes from George Goyder in his "The Responsible Worker", a book which is a full and on to his favoured solution. The analysis is very close to conventional wisdom of who take a centrist view, but some of his views are much more overal.

His writing is lucid and convincing, and his arguments avoid idealism, and the book comes a readable canter round problem of making the worker feel more at home, and more happier, in his work.

Goyder's basic thesis is died in the statement: the introduction of high oblogy and mass production have made the community as a dependent upon the All of the worker to an cedented degree. But we do nothing to restructure the company in such a way as to give the worker, the ty, autonomy, freedom responsibility that he needs will demand if he is to be a good worker.

It is idle to expect the body rkers to cooperate willingly as they are by rote sense of injustice: past evils of the industrial system (however beneficial it may have been in ways), until the system is so changed as to be seen to be based upon incipies; until a new way is forged for the pursuit of work and given expression in the workplace by alteration of companies.

at we require is a new

conceptual framework of the company in which a fair balance exists, and is seen to exist, between the needs of the workers, the needs of shareholders who in a nationalized industry are represented by the Treasury—and the interests of the community as a whole.

If men are to be satisfied in work they must be given the opportunity to develop as persons. This means organizing work from the bottom up instead of from the top down. Mr Goyder argues that the development of the shop steward movement represents a positive rather than a negative approach to industry. The movement is revolutionary in the best sense. It is a human revolution, demanding that the worker be treated as a human being and requiring that a way be found, at the level of the ordinary firm, to make work more significant and worthwhile.

Neither workers' cooperatives nor nationalization have yet been able to achieve these ends. The author believes that the most fruitful solution would be achieved through a recasting of the law covering companies so that it recognized the legitimate interests not only of the owners but also of employees, consumers and the community.

He sets out six criteria to be met through this reform:

1. There must be a clear basis of purpose to which management can refer and by which its performance can be judged.

2. The company must provide a degree of security for its employees equal to that enjoyed by its shareholders.

3. Means must be found to measure and audit the social as well as the financial performance of the company.

4. Those who lend capital to a company must have the right to protect their legitimate claims and expectations.

5. The company must act towards the community of which it is a member with a sense of responsibility no less than can be expected from an individual citizen.

6. Where monopoly is found to exist, provision must be made for the representation within the company.

He proposes a form of profit-sharing, but then, much more controversially, goes on to argue for a change in the relationship between shareholders and the company. He believes it is unreasonable that equity holders should exercise controls and receive benefits in perpetuity.

*Published by Hutchinson, £3.45.

"You have to be a glutton for punishment to be a manager at CMG," says a competitor in the computer services business. He's right in a way.

Picture a young British manager who sits in an open plan office like everybody else in his 400-man company. He doesn't have a company car or even a reserved parking place; those go on a first-come/first-served basis every morning. Though he knows he can be demoted if he doesn't succeed at his job, he doesn't even have a secretary of his own, and his expense account is far from unlimited.

Any decision he takes may be questioned by his troops, and if he shows that it doesn't fit the company philosophy (even if it makes good business sense) it will be reversed. His title is associate director, and even that is shared with another associate director. He makes £3,333 a year, and everybody in the company knows it. That's the salary for every other associate director.

On the other hand,

RTZ problems are underlined by Bougainville

million roubles a year has a life expectancy of about 29 years. It is also a relatively low cost copper producer at about £300 a tonne.

It might therefore seem that in the long run when the copper and gold prices again move up Bougainville will be able to make handsome profits.

But Bougainville faces some awkward problems. Bougain-

ville Island is part—and by far the richest part—of Papua New Guinea, which gains independence from Australia tomorrow. The islanders, however, have decided that they want no part of the new political grouping and have already declared seces-

Taxation, as elsewhere in the mining business, is also a problem. Last year the 1967

Eurobond prices (yields and premiums)

| Model | Year | Price | Coverage |
|---------------------|---------|-------|----------|
| DM BORDS | | | |
| APPL (D4) 10 | 1981 | 105% | 8.39 |
| APPL (D4) 55 | 88/89 | 78% | 10.38 |
| Courtside (DM) | 85 | 85% | 8.39 |
| 9000 | 1984 | 85% | 8.39 |
| Secord (DM) 55 | 1989 | 101% | 0.15 |
| Secord (DM) 75 | 1988 | 72% | 1.19 |
| Secord | 1972/79 | 88% | 8.39 |
| VCI (D4) 85 | 1973/88 | 90% | 9.57 |
| VCI (D4) 85 | 1984 | 90% | 9.57 |
| 55 | 1980 | 106% | 9.20 |
| Secord (DM) 85 | 1988 | 91% | 8.21 |
| New Zealand (DM) 95 | 1982 | 104% | 8.90 |
| Secord (DM) 95 | 1970/85 | 93% | 9.99 |
| Secord (DM) Fin | 1988 | 77% | 9.99 |
| Secord | 1982 | 91% | 8.98 |
| 3 Convertibles | | | |
| DM Convertibles | | | |

| Company | Country | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Amazon | USA | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apple | USA | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank of America | USA | 1904 | 1905 | 1906 | 1907 | 1908 | 1909 | 1910 | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 | 1925 | 1926 | 1927 | 1928 | 1929 | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Boeing | USA | 1916 | 1917 | 1918 | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 | 1925 | 1926 | 1927 | 1928 | 1929 | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | | | | | | | | | |
| Broadway | USA | 1901 | 1902 | 1903 | 1904 | 1905 | 1906 | 1907 | 1908 | 1909 | 1910 | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 | 1925 | 19 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Freight report

[illegible]

On the question of vic sales the major oil company, Mobil, revealed at the end of the week that it was negotiating for two such ships. Although one of these may not be a Reiksten vessel, it was practically certain that the other was Ocean Transport and Trading's Titan. Ocean, which was among the companies compensated for the loss of its time charter to Mr Reiksten, tried unsuccessfully to sell the ship for about \$12.5m last May.

Craig Howard

[illegible]

Unit Trust Prices-change on the week

[illegible][illegible][illegible]

Man Liners warning

| | | | | |
|---------------------------------|---------------------------|-------|-------|------|
| 90.3 | -2.2 Growth | 12.6 | 11.1 | 1.5 |
| 90.3 | -2.2 Growth | 12.6 | 11.1 | 1.5 |
| New Kent Fund Managers Ltd. | | | | |
| 72.50 | Guarantee Bld. Retirement | 10.00 | 10.00 | 0.00 |
| 130.0 | -3.4 Equity | 120.0 | 117.0 | 3.0 |
| 100.0 | -2.1 Income | 100.0 | 97.0 | 3.0 |
| 80.7 | -2.1 International | 80.7 | 78.5 | 2.2 |
| 80.7 | -2.1 Smaller Cos | 81.6 | 78.5 | 3.1 |
| Norwich Union Insurance Co. | | | | |
| 100.0 | 4.0 Growth | 100.0 | 104.0 | -4.0 |
| 100.0 | 4.0 Growth | 100.0 | 104.0 | -4.0 |
| Oxford Unit Trust Managers Ltd. | | | | |
| 7.5 | Northway Street, W.C.1 | 8.00 | 8.00 | 0.00 |
| 90.0 | -1.6 Financial | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 Financial | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 Growth Account | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 Do Income | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 Do Income | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 International | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 International | 90.0 | 88.4 | 1.6 |
| 90.0 | -1.6 Performance | 90.0 | 88.4 | 1.6 |

| | | | | | | |
|------------------------------|---------|---------------------|--------|--------|------|-----|
| 21.1 | -0.5 | Recovery | 19.3 | 20.5 | 6.4 | 4.4 |
| Forest Trust Managers Ltd. | | | | | | |
| 52 | High | Robinson, WCVI 72.8 | | 01-283 | 44.0 | |
| 18.6 | -0.4 | Growth | 14.9 | 18.2 | 4.3 | |
| 20.5 | -0.4 | On Account | 19.4 | 19.9 | 4.3 | |
| 22.4 | -0.4 | Income | 21.7 | 22.0 | 4.3 | |
| 28.0 | -0.5 | Trust | 26.7 | 27.2 | 4.5 | |
| 27.7 | -0.5 | On Account | 27.5 | 27.8 | 4.5 | |
| Piedmont Unit Administration | | | | | | |
| 51 | Foreman | Street, Manchester | 051-24 | 500 | | |

[illegible][illegible]

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Stock Exchange prices

Capitalization & week's change

ACCOUNT DAYS: Dealings Began, Sept 8. Dealings End Sept 19. §. Contrango Day, Sept 22. Settlement Day, Sept 30.

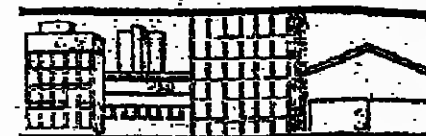
§ Forward bargains are permitted on two previous days.

(Current market price multiplied by the number of shares in issue for the stock quoted)

[illegible]



Focus on Commercial Property in Beds, Bucks and Herts

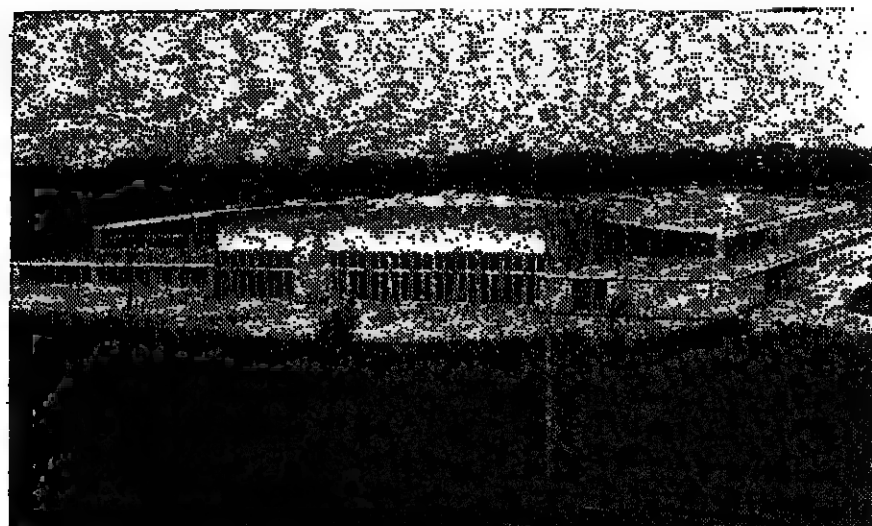


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Where demand is notable for its absence

Bedfordshire, Buckinghamshire and Hertfordshire have been by no means immune to the problems besetting the British property market. But although in some cases rents, and values, have been cut sharply to secure business, the principal characteristic of the area at the moment is the absence of activity.

Agents, with the exception of those in Bedfordshire, are receiving plenty of inquiries, but in most cases they come to nothing. Prospective tenants of office, shop and industrial property, even if not deterred by the economic situation, are in a position to look around and take their time; and that is just what they are doing. Prospective purchasers have even better cause to wait and see how things develop.

Worse hit of all three counties, undoubtedly, has been Bedfordshire, where the widespread problem of reduced demand for industrial and commercial property has been exacerbated first by the ailing state of the motor industry—a major employer—and secondly by the county's indeterminate position between the conurbations of the South East and the industrial Midlands.

Both Buckinghamshire and Hertfordshire benefit from their nearness to London and also to first rate lines of communication—M1, M3, M4 plus the railway and Heathrow. But Bedfordshire can offer relatively few of these attractions to the sort of head office, distribution and light industry users in which the other two counties are prolific. So the property scene in that part of the world tends to the dismal at the moment, with rents dipping quite sharply particularly on, for example, office property in Bedford, where

a spate of demolition and redevelopment three years ago has left the market substantially oversupplied. Hertfordshire has its own problems, many of which are centred on the "Hertfordshire user" requirements of the planning authorities. These, effectively, mean that new business with no previous representation in Hertfordshire cannot move into new or recently developed properties—which tend, in consequence, to be a glut on the market. And although there are few companies of substantial size which are not represented in Hertfordshire already, the fact that new business is to some extent deterred from looking for premises does not help the property scene in the county.

To face there is hardly any demand for industrial property in the area, with even existing Hertfordshire companies tending to eschew space in the county as an asking rent of perhaps £2 a square foot in favour of moving further out—perhaps in Luton—where the same quality premises can be obtained at up to 50p a square foot cheaper. The demand for commercial properties is equally parlous, with St Albans shop rents, for example, being up to a third lower than they were two years ago, even though most of the town is a conservation area and little new development has been allowed. Hertfordshire, in fact, is characterised by a scarcity of business.

The same cannot be said for Buckinghamshire. Granted, the market is nothing like it was a year ago, when companies were all haste to move their offices out of London to the periphery centres such as Slough and even, in some cases, as far out as Aylesbury. It is fast becoming a local market, but the recent increase in London rates has meant that relocations continue throughout the country, with office space in Slough, for example, commanding rents of over 24 per square foot.

Still, this does not alter the fact that the picture overall is one of reduced demand and a dormant market. But this is not the case within the area's big new towns. At Milton Keynes they recognize that the pace with which industry and commerce has been moving into the area has slowed, but anticipate no problems over letting the latest large tranche of industrial development. The town has benefited in part from very competitive tendering by building contractors starved of work elsewhere, and is in consequence able to charge very competitive prices.

At Welwyn Garden City and Hatfield there is no shortage of demand either: in fact the problem is to provide additional space for existing tenants. Industrial rents are competitive at around £1.40 a square foot, while office rents, reflecting strong demand, are almost up to prime Buckinghamshire levels at £3.50-£4 a square foot. Stevenage, which is expecting a report on its proposed expansion from the Secretary of State for the Environment, is also experiencing no shortage of demand from existing tenants wanting to expand. There are only a couple of industrial sites vacant, and shop and office properties are all but fully let.

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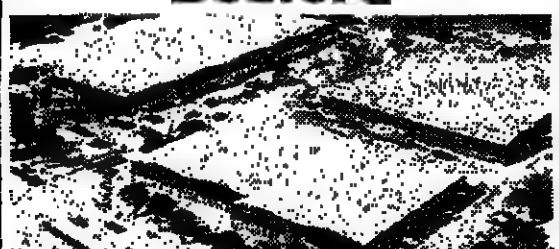
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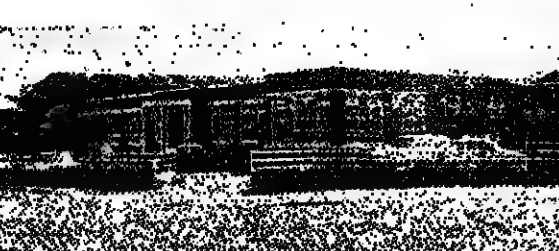
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